

7. Securities and Shareholders

7.1 The Company's Securities

- Registered Capital 1,600 Million Baht.
- Issued and fully paid share capital: 1,200 Million Baht, comprising 1,200 Million ordinary shares.
- Ordinary shares at 1 Baht par value (At the Annual General Meeting of Shareholders held on March 26, 2003, the shareholders unanimously approved to change the par value of ordinary shares of the Company from 10 Baht per share to 1 Baht per share. The Company registered the change with Ministry of Commerce on April 17, 2003.)
- The Company does not issue other types of shares, except from ordinary shares.

7.2 Shareholders

1) First 10 major shareholders (as at February 27, 2019)

No.	Shareholders	No. of ordinary shares	% of total shares
1	HIS MAJESTY KING MAHA VAJIRALONGKORN BODINDRADEBAYAVARANGKUN	399,647,840	33.30
2	THAI NVDR CO., LTD.*	93,949,165	7.83
3	SOCIAL SECURITY OFFICE	49,236,350	4.10
4	STATE STREET EUROPE LIMITED	45,611,711	3.80
5	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	32,511,717	2.71
6	THE BANK OF NEW YORK MELLON	18,301,332	1.53
7	RANDERY BARAH MAKAN CO., LTD.	15,105,600	1.26
8	SCG FOUNDATION	13,347,300	1.11
9	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	10,697,304	0.89
10	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	10,158,479	0.85

Remark: * Thai NVDR Co., Ltd. (Thai NVDR) is a subsidiary owned by the Stock Exchange of Thailand (SET) and regarded as listed securities in the SET who is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors, and investing the money gained from selling the NVDRs in the Stock Exchange of Thailand. The service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Further information regarding Thai NVDR Co., Ltd. can be found on www.set.or.th.



As at February 27, 2019, the major NVDR holder was:

No.	NVDR holders	No. of ordinary shares	% of total shares
1	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	14,232,293	1.19
2	STATE STREET EUROPE LIMITED	13,654,730	1.14
3	STATE STREET BANK AND TRUST COMPANY	9,889,300	0.82

2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at February 27, 2019)

No.	Shareholders	No. of ordinary shares	% of total shares
1	HIS MAJESTY KING MAHA VAJIRALONGKORN BODINDRADEBAYAVARANGKUN	399,647,840	33.30
2	CPB EQUITY CO., LTD.	1,480,200	0.12

Among major shareholders, the company does not have any shareholding agreement, which might affect its management.

3) Minor Shareholders (As at February 8, 2018)

Total number of Minor Shareholders (Free float) is 36,053, equivalent to 68.39%.

4) The company has imposed limitations on the number of shares which can be held by the foreigners at 25% of fully paid-up capital. As at February 27, 2019 the company declared that 19.38% of fully paid-up capital shares are held by the foreigners.

7.3 Issuance of Other Securities

The Siam Cement Public Company Limited issued 10 series* of debentures valuing 181,500 Million Baht as follows:

Lots of Debentures	Total Issue Amount (Million Baht)	Outstanding Debenture (Million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
3/2012	6,500	6,500	October 12, 2019	4.40	A+
1/2015 Tranche 2	15,000	15,000	April 1, 2019	3.90	A+
2/2015	10,000	10,000	November 1, 2019	3.40	A+
1/2016	25,000	25,000	April 1, 2020	3.00	A+
2/2016	25,000	25,000	November 1, 2020	3.00	A+
1/2017	25,000	25,000	April 1, 2021	3.25	A+
2/2017	10,000	10,000	August 30, 2024	2.97	A+
3/2017	25,000	25,000	October 1, 2021	3.05	A+
1/2561	30,000	30,000	April 1, 2022	3.00	A+
2/2561	10,000	10,000	October, 2022	3.10	A+
Total	181,500	181,500			



Remarks: * Debenture were rated as from Fitch Ratings (Thailand) Limited.

7.4 Dividend Policy

The company has a dividend payout policy to the shareholders at 40% - 50% of the consolidated net profit. However, when reviewing the dividend payout for any potential changes for the respective period, the company may take into account all irregular situations, and uncontrollable factors, accordingly. In 2018, the consolidated net profit amounts at 44,748 Million Baht, resulting in the retained earnings for appropriation at the ordinary general meeting of shareholders on March 27, 2019, the Board resolved to declare the annual dividends at 18.00 Baht per share or equal to 48% of net profit as per consolidated financial statements.

For dividend policy of most subsidiaries which are 100% owned by the company, the company takes into consideration their operating results, financial structure, financial position and investment plan, with no policy of transferring the interests.

Detail of Dividend Distribution in the past 5 years

Year	Interim dividends (Baht/share)	Final dividends (Baht/share)	Annual dividends (Baht/share)	Dividend payout ratio on net profit* (%)
2014	5.50	7.00	12.50	45
2015	7.50	8.50	16.00	42
2016	8.50	10.50	19.00	41
2017	8.50	10.50	19.00	41
2018	8.50	9.50	18.00**	48

Remarks:

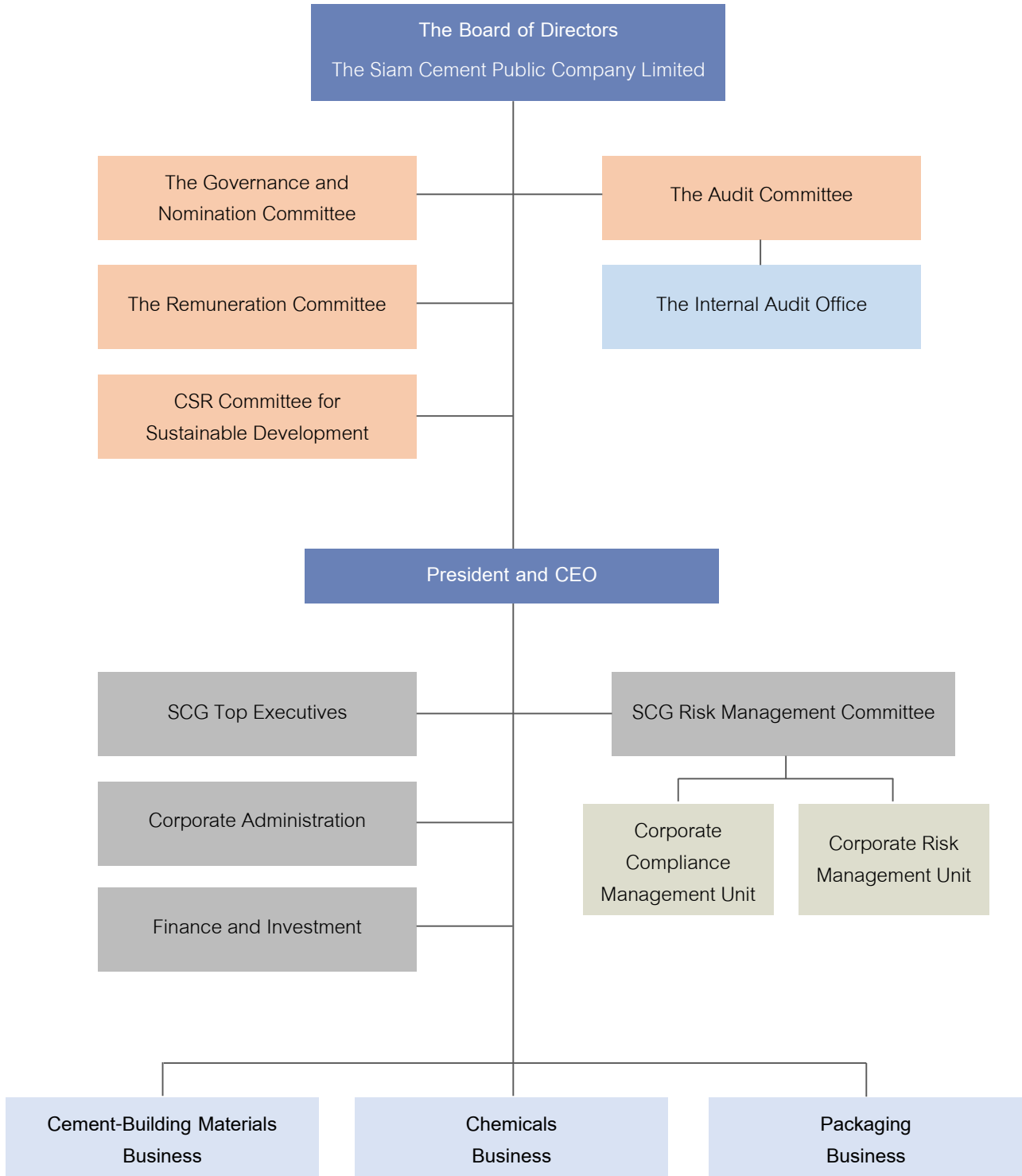
* Net profit represents profit for the year attributable to owners of the parent.

** The Board of Directors resolved to propose the Annual General Meeting of Shareholders on March 27, 2019, to approve the dividend distribution for the year 2018 at 18.00 Baht per share.



8. Management

Organization Structure



8.1 The Board of Directors

comprises the following 12 members:

- | | | |
|-----|---------------------------------------|----------------------|
| 1. | Air Chief Marshal Satitpong Sukvimol | Chairman |
| 2. | Mr. Sumet Tantivejkul | Independent Director |
| 3. | Mr. Kasem Watanachai | Director |
| 4. | Police Colonel Thumnithi Wanichthanom | Director |
| 5. | Mr. Pricha Attavipach | Independent Director |
| 6. | Mr. Chumpol NaLamlieng | Independent Director |
| 7. | Mr. Tarrin Nimmanahaeminda | Independent Director |
| 8. | Mr. Pramon Sutivong | Independent Director |
| 9. | Mrs. Tarisa Watanagase | Independent Director |
| 10. | Mr. Kan Trakulhoon | Director |
| 11. | Mr. Prasarn Trairatvorakul | Director |
| 12. | Mr. Roongrote Rangsiyopash | President & CEO |

The twelve members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed a criminal offence against property.
2. Never entered into any transaction which may cause conflict of interest against SCG during the year.

Composition of the Board of Directors

The Board of Directors comprises respected, knowledgeable and competent persons who are responsible for drawing up corporate purposes and objectives and collaborating with the top executives in making both short-term and long-term operating strategies and policies, financial policy, risk management policy, and organizational overview, including annually reviewing the Company's important policies and plans. The Board plays a crucial role in allocating important resources to meet the objectives as well as overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

Among the Board of Directors, the directors authorized to sign for and with binding effect on the Company are any two of the three directors, namely Mr. Kasem Watanachai or Mr. Prasarn Trairatvorakul or Mr. Roongrote Rangsiyopash, jointly sign their names together or any one of the three mentioned directors jointly sign their name together with Mr. Sumet Tantivejkul or Mr. Chumpol NaLamlieng.

The Board is comprised of eleven non-executive directors and one executive director, who is the Company's President & CEO.

Three members of the Board who are the representatives of a major shareholder are Air Chief Marshal Satitpong Sukvimol, Mr. Kasem Watanachai and Police Colonel Thumnithi Wanichthanom.

The six independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramon Sutivong and Mrs. Tarisa Watanagase, constituting

half of the Board of Directors. In addition, the six independent directors meet all the requirements specified in the Company's list of qualifications of an independent director, which are more stringent than the qualifications stipulated by the Capital Market Supervisory Board.

The Sub-committees

Directors	The Audit Committee (4 members)	The Governance and Nomination Committee (6 members)	The Remuneration Committee (3 members)	The CSR Committee for Sustainable Development (8 members)
1. Air Chief Marshal Satitpong Sukvimol	-	Member	-	-
2. Mr. Sumet Tantivejkul	-	Chairman	-	Member
3. Mr. Kasem Watanachai	-	-	-	Chairman
4. Police Colonel Thumnithi Wanichthanom	-	Member	-	-
5. Mr. Pricha Attavipach	Member	Member	-	-
6. Mr. Chumpol NaLamlieng	-	-	Chairman	-
7. Mr. Tarrin Nimmanahaeminda	Chairman	Member	-	-
8. Mr. Pramont Sutivong	Member	-	Member	-
9. Mrs. Tarisa Watanagase	Member	Member	-	-
10. Mr. Kan Trakulhoon	-	-	-	Member
11. Mr. Prasarn Trairatvorakul	-	-	Member	Member
12. Mr. Roongrote Rangsiyopash	-	-	-	Member

Notes:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director are number 2, 5, 6, 7, 8 and 9.
- Mr. Kajohnet Sangsuban, Mr. Cholanat Yanaranop and Mr. Yuttana Jiamtragan are also members of the CSR Committee for Sustainable Development.

Board of Directors' Meetings

It is the duty of each member of the Board to consistently attend the Board's meetings to stay informed of SCG's operations and make decisions. The Board holds at least eight scheduled meetings per year, the schedules of which are arranged in advance every year and submitted to each director at the end of the preceding year so all the directors can arrange their schedule for the meetings. In addition, special meetings might be held to consider urgent matters.

At the meetings, the Chairman and the President & CEO of the Company jointly set agenda items and determine which agenda items are related to the meetings. Every individual member of the Board is entitled to propose agenda items.

The Board of Directors' Meeting Attendance Policy was reviewed and amended by the Board in 2018 to be in line with the advancement of technology and the effective management. The online meetings' attendance of each director is recorded and revealed in the Annual Report. The quorum shall be considered in accordance with the laws since it is determined that it will bring the Company great benefits if the directors give importance to and attend the Board's meetings through the use of electronic media.

It was determined by the Board that the meeting schedules for the whole year had to be set in the preceding year prior to the actual meeting dates. In 2018, the Board held ten meetings, seven meetings scheduled since 2017 and three special meetings including one teleconference held through the use of electronic media, in which the directors present and expressing their opinions through such media were not considered a quorum according to the Board of Directors' Meeting Attendance Policy. 96.6% of the Board of Directors attended the meetings and each director (excluding the director resigned during the year) individually attended more than 75% of all the meetings. Prior to each meeting, all members received the agenda and supporting documents five working days prior to the date of the meeting to allow adequate time for their preparation.

When considering the matters presented to the Board, the Chairman of the Board, as the Chairman of the meetings, presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, whereby one director is eligible for one vote. A director with a vested interest in the issue under consideration or a director ineligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

SCG executives are allowed to attend the Board's meetings to provide useful information to the Board, and to learn directly about the Board's initiatives and policies for effective implementation. However, the executives are not allowed to attend the meeting for certain agenda items which are reserved only for the Board of Directors or for non-executive directors in order to ensure independence of consideration.

In addition, the Board attaches significance to managing the conflicts of interest of the concerned parties with prudence, fairness and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision process.

After the meeting, the secretary to the Board of Directors is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely as confidential documents in the corporate secretary's office together with all the documents relating to the meeting agenda, which are backed up electronically to facilitate data searches.

In addition, for the months in which the Board of Directors meeting is not held, all directors are continuously informed of the operating results. The Company submits to the director relevant documents,

together with information about any significant developments that occurred during the month, in order to keep them informed.

In addition, the Company holds a meeting between non-executive Directors without the Management present both after the Company's annual medium-term business plan meeting and when necessity arises in order to discuss various significant issues and problems concerning management, such as the Board member selection and the succession plan for the executives, to allow non-executive Directors to express their opinions independently. In 2018, a meeting without the Management was held on August 24, 2018.

The Attendance of the Directors in 2018 (January 1, 2018 – December 31, 2018)

Director	Board of Directors (Total 12 directors)	The Audit Committee (Total 4 members)	The Governance and Nomination Committee (Total 6 members)	The Remuneration Committee (Total 3 members)	The CSR Committee for Sustainable Development (Total 8 members)	The 2018 General Meeting of Shareholders (Total 12 members)	Date of appointment as a director
1. Air Chief Marshal Satitpong Sukvimol (replace Mr. Panas Simasathien)	6/7	-	3/3	-	-	-	28 March 2018
	2/2	-	-	-	-	1/1	Retired by rotation 28 March 2018
2. Mr. Sumet Tantivejkul*	10/10	-	5/5	-	4/4	1/1	
3. Mr. Kasem Watanachai (replace Mr. Arsa Sarasin)	6/7	-	-	-	3/3	-	28 March 2018
	1/2	-	-	-	1/1	0/1	Retired by rotation 28 March 2018
4. Police Colonel Thumnithi Wanichthanom (replace Mr. Chirayu Isarangkun Na Ayuthaya)	6/6	-	3/3	-	-	-	25 April 2018
	3/3	-	-	-	1/1	1/1	Resigned 29 March 2018
5. Mr. Pricha Attavipach*	10/10	6/6	5/5	-	-	1/1	
6. Mr. Chumpol NaLamlieng*	9/10	-	-	6/7	-	1/1	
7. Mr. Tarrin Nimmanahaeminda*	10/10	6/6	5/5	-	-	1/1	
8. Mr. Pramon Sutivong*	10/10	6/6	-	7/7	-	1/1	
9. Mrs. Tarisa Watanagase*	10/10	6/6	3/3	-	-	1/1	
10. Mr. Kan Trakulhoon	10/10	-	-	-	4/4	1/1	
11. Mr. Prasarn Trairatvorakul	10/10	-	-	7/7	3/4	1/1	
12. Mr. Roongrote Rangsiyopash	10/10	-	-	-	4/4	1/1	
The Total Number of the Meetings	10	6	5	7	4	1	
The Average Meeting Attendance (percent)	96.6	100	100	95.2	95.2	91.7	

Notes: * Independent Directors

According to the Company's policy, at least 80% of the Board of Directors should attend the Board's meetings each year and each director should attend at least 75% of the meetings for the entire year. Such meetings include those held through the use of electronic media which are not considered a quorum.

In 2018, the directors who attended a meeting held through the use of electronic media are number 1, 3, 4, 5, 6 and 9.

8.2 Top Executives

Top Executives of SCG (As at January 1, 2019) comprises

- | | | |
|-----|--------------------------------|---|
| 1. | Mr. Roongrote Rangsiyopash | President & CEO, SCG |
| 2. | Mr. Cholanat Yanaranop | Executive Vice President, SCG
President, Chemicals Business |
| 3. | Mr. Sakchai Patiparnpreechavud | Vice President-Polyolefins and Vinyl Business,
Chemicals Business |
| 4. | Mr. Mongkol Hengrojanasophon | Vice President-Olefins Business and Operations,
Chemicals Business |
| 5. | Mr. Tanawong Areeratchakul | President, Packaging Business |
| 6. | Mr. Nithi Patarachoke | President, Cement-Building Materials Business |
| 7. | Mr. Chana Poomee | Vice President-Cement and Construction Solution Business,
Cement-Building Materials Business |
| 8. | Mr. Paramate Nisagornsen | Vice President-Regional Business,
Cement-Building Materials Business |
| 9. | Mr. Yuttana Jiamtragan | Vice President-Corporate Administration, SCG |
| 10. | Mr. Thammasak Sethaudom | Vice President-Finance and Investment & CFO, SCG |
| 11. | Mr. Aree Chavalitcheewingul | President, Cementhai Holding Company Limited |

The above-mentioned top executives of SCG are “Executive” according to the Notification of Capital Market Supervisory Board No. TorJor. 23/2551.

The eleven members of top executives have no forbidden qualification as following:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year.

SCG top executives are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation. Their duties also encompass controlling and keeping expenses and capital expenditures within the limits approved by the Board in the annual operating plan; managing human resources in line with the prescribed policy; resolving problems or conflicts that affect the Company; and maintaining effective communication with related parties.

The Directors of Subsidiaries that are Core Businesses (As at January 1, 2019)

Companies \ Directors	Mr. Roongrote Rangsiyopash	Mr. Cholanat Yanaranop	Mr. Sakchai Patiparnpreechavud	Mr. Mongkol Hengrojanasophon	Mr. Tanawong Areeratchakul	Mr. Nithi Patarachoke	Mr. Chana Poomee	Mr. Paramate Nisagornsen	Mr. Yuttana Jiamtragan	Mr. Thammasak Sethaudom	Mr. Aree Chavalitcheewingul
Cement-Building Materials Business SCG Cement-Building Materials Company Limited	✓					✓	✓	✓	✓	✓	✓
Chemicals Business SCG Chemicals Company Limited	✓	✓	✓	✓	✓					✓	
Packaging Business SCG Packaging Public Company Limited	✓			✓	✓	✓				✓	✓

The Chief Officers in Accounting and Finance are as follows:

1. Mr. Pichit Leelaphantmetha Corporate Accounting Director
2. Mrs. Chantanida Sarigaphuti Corporate Planning and Finance Director

Please refer to Appendix 1 for detail of management and controlling persons & secretary.

8.3 The Secretary to the Board of Directors and the Company Secretary

The Secretary to the Board of Directors

The Board appointed Mr. Worapol Jennapar as the secretary to the Board of Directors responsible for providing advice to the Board regarding the performance of duties in compliance with the law, preparing the minutes of the Board's meetings, and attending every Board's meeting. He is deemed appropriate by the Board since he is highly knowledgeable and experienced, especially in legal matters, allowing him to provide appropriate advice to the Board regarding compliance with the laws, rules, regulations and the SCG Corporate Governance Policy.

The Company Secretary

The Board appointed Mrs. Pornpen Namwong as the company secretary and assistant secretary to the Board of Directors responsible for organizing the meetings of the Board, Sub-committees and shareholders. The company secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of the shareholders' meetings, and Annual Report as well as filing documents as stipulated by law. She is

deemed appropriate by the Board since she is knowledgeable in managing corporate secretarial work, having served as the director of the corporate secretary office, which supports the corporate secretarial work involving compliance with laws, rules and regulations as well as overseeing and supervising works in regard to the SCG Corporate Governance Policy.

The Company constantly supports the company secretary to undergo training and development in the areas of law, accounting, or corporate secretarial work. In 2018, the company secretary underwent training sessions, such as Effective Minutes Taking (EMT) and the Enhancing Good Corporate Governance based on CGR Scorecard, organized by the Thai Institute of Directors Association. The qualifications and experience of the company secretary are disclosed in the Company's annual report.

8.4 Remuneration for the Board and the Top Executives

The Remuneration Committee is assigned by the Board of Directors to consider proposing the remuneration methods and processes for members of the Board, the Sub-committees and the top executives as well as continually keep up with the changes and possibilities in regard to the remuneration for the Board and the top executives to propose for the Board's consideration.

Remuneration for the Board and the Sub-committees

The appropriate remuneration for members of the Board and Sub-committees is set at rates comparable to those of leading companies listed in the SET, and other top companies in the same industries. Remuneration for the Board is also considered based on SCG's operating results, before being proposed for approval in the Shareholders' Meeting in accordance with the Articles of Association of the Company.

Director Remuneration

In the 11th Annual General Meeting of Shareholders held on Wednesday, March 24, 2004, a resolution passed concerning the remuneration and bonuses of directors. Monthly remuneration for all directors was set at 1,800,000 Baht, to be distributed among the directors in such manner that they themselves may consider appropriate. Regarding bonuses, permission was granted for the Board itself to determine the appropriate amount, but the amount cannot exceed 0.5% of total dividends paid to shareholders, and should be apportioned among the directors in such manner they themselves may consider appropriate. This took effect from the day the resolution was passed by a vote of the shareholders and remained in effect until the Shareholders' Meeting determined otherwise. The bonus for directors will be considered based on the growth of profits of the Company.

In addition to monetary remuneration, the Company does not grant other privileges to the directors.

As for remuneration for the Sub-committees, the Board of Directors is entitled to set the remuneration for each Sub-committee according to Clause 40 of the Company's Articles of Association. However, to ensure transparency in tune with good corporate governance, the Board of Directors resolved that all forms of remuneration for the Directors shall be disclosed at the Annual General Meeting of Shareholders and

added to the regular agenda for approval. The 2018 Annual General Meeting of Shareholders (The 25th Meeting) held on Wednesday, March 28, 2018, resolved to approve the retention of the remuneration of Directors and Sub-committee members.

The Apportionment of Board Remuneration and Bonuses

Monthly Remuneration The Board of Directors passed a resolution to pay the chairman a 1.5 portion, or 216,000 Baht per month, and the other 11 board members one portion, or 144,000 Baht per month.

Director Bonuses The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 portions and each of the other board members bonuses of one portion of total bonuses as approved in the Shareholders' Meeting.

Remuneration for the Sub-committees

The Board of Directors passed a resolution to remunerate members of the Sub-committees on the basis of a fixed fee and attendance fee, as follows:

	Position	Annual fixed fee (Baht)	Attendance fee (Baht)
The Audit Committee	Chairman	180,000	45,000
	Director	120,000	30,000
The Governance and Nomination Committee/ The Remuneration Committee	Chairman	150,000	37,500
	Director	100,000	25,000

The Remuneration for the Board of Directors and the Sub-committees in 2018

(January 1 – December 31, 2018)

Directors	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	Directors' Bonus paid in 2018 (Baht)	Total (Baht)
1. Air Chief Marshal Satitpong Sukvimol (appointed as a director since March 28, 2018)	1,900,335.48	-	143,406.59	-	1,690,607.73	3,734,349.80
Mr. Panas Simasathien	418,064.52	-	24,166.67	-	3,553,591.16	3,995,822.35
2. Mr. Sumet Tantivejkul ²	1,728,000.00	-	337,500.00	-	4,800,000.00	6,865,500.00
3. Mr. Kasem Watanachai ³ (appointed as a director since March 28, 2018)	1,309,935.48	-	-	-	1,246,408.84	2,556,344.32
Mr. Arsa Sarasin	418,064.52	-	24,166.67	-	3,553,591.16	3,995,822.35
4. Police Colonel Thumnithi Wanichthanom (appointed as a director since April 25, 2018)	1,180,800.00	-	143,406.59	-	888,397.79	2,212,604.38
Mr. Chirayu Isarangkun Na Ayuthaya	627,096.77	-	-	-	5,309,483.51	5,936,580.28
5. Mr. Pricha Attavipach	1,728,000.00	300,000.00	225,000.00	-	4,800,000.00	7,053,000.00
6. Mr. Chumpol NaLamlieng ⁴	1,728,000.00	-	-	375,000.00	4,800,000.00	6,903,000.00
7. Mr. Tarrin Nimmanahaeminda ⁵	1,728,000.00	450,000.00	225,000.00	-	4,800,000.00	7,203,000.00
8. Mr. Pramon Sutivong	1,728,000.00	300,000.00	-	275,000.00	4,800,000.00	7,103,000.00
9. Mrs. Tarisa Watanagase	1,728,000.00	300,000.00	143,406.59	-	4,800,000.00	6,971,406.59
10. Mr. Kan Trakulhoon	1,728,000.00	-	-	-	4,800,000.00	6,528,000.00
11. Mr. Prasam Trairatvorakul (appointed as a director since August 26, 2017)	1,728,000.00	-	-	275,000.00	4,069,565.22	6,072,565.22
Mr. Yos Euarchukiati	-	-	-	-	626,087.00	626,087.00
12. Mr. Roongrote Rangsiyopash	1,728,000.00	-	-	-	4,800,000.00	6,528,000.00
Total	21,406,296.77	1,350,000.00	1,266,053.11	925,000.00	59,337,732.41	84,285,082.29

Note :

- Chairman of the Board of Directors
- Chairman of the Governance and Nomination Committee
- Chairman of the CSR Committee for Sustainable Development**
- Chairman of the Remuneration Committee
- Chairman of the Audit Committee
- Additional remuneration received as Chairman of the Management Advisory Committee was 270,000 Baht per month
 - The directors' bonus paid in 2018 consisted of the bonus payment based on the final dividend of the year 2017 paid to shareholders on April 20, 2018 and the interim dividend of the year 2018 paid on August 22, 2018 as represented in the item of "Administrative expenses" on the consolidated statements of income.
 - In 2017, Mr. Yos Euarchukiati was being the company's director until August 17, 2017. He qualified receiving directors' bonus in 2018, calculated from the final dividend of the year 2017 in an amount of 626,087 Baht.
 - The CSR Committee for Sustainable Development has no remuneration.

SCG Top Executives Remuneration

Policy on Top Executive Remuneration

The Board and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration in short term and long term for the President & CEO and top executives of SCG and propose such amount to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.
2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.
3. The executive's capability to develop the business unit and improve operational efficiency for each business unit each year.

In addition, a survey on manager-level employees' opinions regarding the President & CEO and the top executives is included in the Remuneration Committee's consideration each year.

Top Executive Remuneration (As at December 31, 2018)

The total remuneration for 13 executives whose office was held during 2018, in the form of salaries, bonuses, variable pay and others amounted to 312,141,161 Baht. For 2018, the Company made contributions of 21,063,250 Baht to the provident fund for the executives as the employees of the Company.

The remuneration for the directors and top executives of subsidiaries, which are SCG's core businesses

Total remuneration for directors of subsidiaries that are core business of SCG

Directors of the core businesses, which encompass Cement-Building Materials Business, Chemicals Business and Packaging Business are the SCG top executives who are not subject to remuneration paid from being the directors.

Total remuneration for top executives of subsidiaries that are core businesses of SCG

- 1) Remuneration paid as money, such as monthly salary, bonus, and variable pay.
- 2) Other compensation such as provident fund contributions.

Details of remuneration for top executives of subsidiaries that are core businesses of SCG are as follows:

	Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1.	SCG Cement-Building Materials Co., Ltd.	5	36,209,721	3,169,764
2.	SCG Chemicals Co., Ltd.	4	41,402,301	2,974,400
3.	SCG Packaging PLC.	11	69,815,265	5,358,410

The above-mentioned number of executives and the remuneration excluded those of the presidents

and vice president of subsidiaries that are SCG's core businesses, as they were included in the number and remuneration of SCG top executives.

8.5 Human Resources

Adhering to one of the SCG 4 Core Values – “Belief in the Value of the Individual” – SCG attaches enormous significance to employees who are regarded as the Company's most valuable assets. In today's rapidly-changing business context and competition, SCG constantly streamlines its human resources management system and fosters a human resources management culture that aligns with its business strategies. The efforts taken include.

1. Development of Human Resources Management with Digitally-enabled Technologies

- Improved the existing employee recruitment system by incorporating various digitally-enabled technologies including the use of chatbots for job applications as well as the use of artificial intelligence (AI) and automated video screening to screen candidates before undergoing a test and committee interview. Added to this was upgrading the recruitment software to make it more up-to-date and efficient.
- Enhanced employee learning by incorporating technology to increase their capabilities and efficiency in tune with the Company's business direction through tools and innovative media. Examples include setting up a micro-learning platform where employees can easily access and build their own learning courses, and developing a computer system to enhance efficiency in IT scholarship administration and vendor learning management. Digital technology and gamification have also been incorporated to deliver a new learning experience for employees at all levels and allow them to learn anywhere, anytime, giving them full control of their own learning path. For example, AR technology is integrated in some course activities while a course on general knowledge and skills includes various digital courses to provide extra learning opportunities outside the classroom for employees. An Individual Performance Management System (iPMS) platform was developed to ensure a clear and fair individual performance management as well as good, consistent communication between supervisors and employees.
- Developed the SCG Employee Connect application that provides convenient information about work, regulations, welfare and benefit schemes, permission for leave of absence, working overtime, and more.

2. Development of Human Resources Management in Other Areas

SCG has continuously developed its human resources management structures and systems to ensure effective human resources management and employee satisfaction. Chief among them are improving the job evaluation to ascertain whether determining the value of a job is clear, accurate, and fair and corresponds to the changing duties driven by evolving business contexts; and reviewing the forms of employee pay and compensation for expat employees to steadily boost the Company's business growth in the ASEAN region.

3. Employee Competency Enhancement

With adherence to the core values of “Belief in the Value of Individual” and “Dedication to Excellence”, SCG realizes that human resources are the most valuable assets driving SCG toward achieving short- and long-term goals. As a consequence, SCG pledges to invest in creating the best learning experience for all SCG employees together with developing their potential to be both smart and ethical individuals who collaborate in creating competitiveness and sustainable growth for SCG.

- Improved the contents of various flagship programs. For example, the Young Leader with ABC program was revised in many aspects to better cope with the challenges in today’s business operations. Digital learning was incorporated to add excitement and new case studies from leading educational institutions overseas included to beef up the contents. Likewise, revisions were made to the Management Development Program (MDP), Management Acceleration Program (MAP), and Business Excellence Through Service Transformation (BEST) to keep them up-to-date with the current business landscape. The efforts included the addition of design thinking and the agile process which focus on utilizing thinking processes to obtain insights into customers’ problem and applying creativity and varied perspectives to create ideas for solutions, which are then tested and developed to achieve guidelines or innovations that respond to the fast-changing needs of customers. In addition, the Business Model Canvas (BMC) has been added to enable learners to visualize the overall picture of the business and better assess management risks. The three programs were jointly designed by SCG and Duke Corporate Education, a leading institute.
- Realizing that the ability to keep up with the fast emergence of new knowledge will enable SCG to cope with the change and create newer, better innovations and work processes, SCG has reskilled employees in several ways. Examples included organizing sessions where experts in new knowledge, both Thai and foreign, shared their experience with SCG employees to enable them to apply the knowledge gained to their work. Added to this was updating employees’ knowledge about new technology.
- Developed employees by adopting role-based competency to every position in SCG to ensure their learning is ongoing, at maximum efficiency, and meets business needs. To that effect, each employee is informed of their roles and responsibilities in accordance with the expected performance standards, which are designed to align with the business needs. Any employees yet to meet their performance standards may choose 70:20:10 Learning Solutions in developing themselves. All learning and development solutions, which are part of SCG’s Learning Management System (LMS), are managed by an IT system to ensure maximum efficiency and effectiveness for both learners and the Company.

As the end of 2018, The Siam Cement Public Company Limited had 1,861 employees, or a total remuneration of 3,385 Million Baht. The total number of SCG employees was 52,971 or a total remuneration of 43,960 Million Baht (the aforementioned remuneration includes salary, bonuses, provident funds, and welfare).

Numbers of Employees in Each SCG Business Unit

As of December 31, 2018

Companies / Business Units	Numbers of Employees
The Siam Cement Public Company Limited	1,861
Cement-Building Materials Business	33,199
Chemicals Business	5,857
Packaging Business	11,957
Other	97
Total	52,971

9. Corporate Governance

9.1 Corporate Governance Policy

SCG conducts business with responsibility, transparency, and fairness, adhering to the long practiced business principles defined in the SCG Code of Conduct and dedication to sustainable and balanced benefits, with the Board of Directors serving as role models in compliance with SCG's Principles of Corporate Governance and Code of Conduct.

SCG has strived to become a role model in corporate governance and has incorporated this resolution in SCG Vision with the conviction that SCG's corporate governance will ensure fairness, transparency, and long-term economic value for shareholders while inspiring confidence in all stakeholders and enhancing the Company's competitiveness to achieve sustainable growth.

The Governance and Nomination Committee is entrusted with the duty of overseeing SCG's corporate governance matters, encompassing the establishment of policy and guidelines as well as monitoring the performances of the Board of Directors and the Management to ensure their compliance with SCG's corporate governance policy. The Committee also monitors and evaluates corporate governance practices as well as periodically reviews related guidelines to ensure their alignment with business operations and corporate governance practices at national and international levels. Moreover, corporate governance is specified as one of the main items on the agenda at the Board of Directors' Meeting.

Practices in Accordance with SCG's Corporate Governance

SCG firmly upholds and complies with the principles of corporate governance both locally and internationally. Examples include the Principle of Good Corporate Governance for Listed Companies of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the Corporate Governance Report of Thai Listed Companies (CGR) of Thai Institute of Directors (IOD). Added to this are the internationally-recognized benchmarks, such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and DJSI Sustainability Assessment. The Governance and Nomination Committee takes charge of considering and proposing to the Board of Directors the establishment and implementation of the policy and guidelines for their approval. For issues that have yet been covered or implemented, the Management is to report to the Governance and Nomination Committee for review on an annual basis.

The Board of Directors compiled knowledge and practices in management passed down from generation to generation and proven to be in alignment with the corporate governance principles. They were codified into SCG's corporate governance handbook, firstly published in 2003. Last updated in 2017, the booklet is now also published as an e-book on the Company's website.

In 2018, SCG was rated on corporate governance practice by various agencies and achieved awards as follows:

- Rated "Excellent" in the Corporate Governance Report of Thai Listed Companies 2018, carried out by the Thai Institute of Directors Association (IOD).
- Scored 97 points in the evaluation of the quality of Annual General Meetings of Shareholders for the year 2018 (AGM checklist) of listed companies by the Thai Investors Association.

- Received the Sustainability Award of Honor for the fourth consecutive year as part of the SET Sustainability Award 2018.
- Received an Outstanding Innovative Company Award in SET Awards 2018, hosted by the Stock Exchange of Thailand and Money & Banking Magazine.
- Included by the Stock Exchange of Thailand in the Thailand Sustainability Investment List in the Property & Construction Category for the fourth consecutive year in 2018.
- Received a Sustainability Report Award for the sixth consecutive year and an Award of Sustainable Excellence for the third consecutive year at the Sustainable Report Award 2018, hosted by the Thai Listed Companies Association, CSR Club, the Securities and Exchange Commission (SEC), and Thaipat Institute.
- Received the Best SDGs Reporting 2018 from the Thai Listed Companies Association (CSR Club), the Securities and Exchange Commission (SEC), and Thaipat Institute.
- Received the MAT Award 2018 and Bronze Award in the CSR Category from the Marketing Association of Thailand.

1. The Rights of Shareholders

SCG has the policy in providing support and facilitation to every shareholder including institutional investors to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, the appointment of auditors and fixing of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company, etc.

Apart from the abovementioned rights of the shareholders, SCG has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. SCG provides essential, clear, and up-to-date information for shareholders regarding the Company's business. The Company will notify shareholders of the information through SCG's website and the Stock Exchange of Thailand
2. To ensure that all shareholders receive clear and sufficient detailed information, allowing them to have adequate time to study the information before attending the Shareholders' Meeting, SCG has clearly notified shareholders of the venue, date, time, and proposed agenda items, both in Thai and English, approximately two months prior to the meeting.
3. For the meeting notice, the Company provides a detailed description of each agenda item together with the opinion of the Board of Directors. A notice of the meeting and attachments including the registration form, documents and evidence required prior to attending the meeting, proxy procedure, registration, and proxy forms, in Thai and English, will be posted on SCG's website more than 30 days before the Meeting. Such documents are submitted to shareholders more than 20 days prior to the meeting. For the convenience of shareholders unable to attend a

meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as proxy, using one of the proxy forms attached to the notice of the meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce allow shareholders to exercise their voting rights as they wish. The Company also attaches documents and evidence required prior to attending the Meeting, proxy procedure, and registration to the notice of the meeting. Also attached is a profile of independent directors proposed by the Company to serve as proxies for shareholders.

For institutional or foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange for the documents and evidence required prior to attending the Meeting well in advance to facilitate registration on the date of the meeting.

4. The Company provides opportunities for the shareholders to submit questions related to items on the agenda or other information prior to the Meeting to the email address corporate@scg.com or to the Company's address. For more information, please contact Corporate Secretary Office via the following channels:
 - Address: 19th Floor, SCG 100th year Building
1 Siam Cement Road, Bangsue, Bangkok 10800
 - Tel: 0-2586-3605, 0-2586-6456
 - Fax: 66-2586-3007
 - E-mail: corporate@scg.com
5. In 2018, 11 members of the Board of Directors, or an equivalent of 92% of the Board, attended the Annual General Meeting of Shareholders.
6. The 2018 Annual General Meeting of Shareholders was held at Athenee Crystal Hall, 3rd Floor, The Athenee Hotel, Bangkok. The venue was easily accessible by shareholders as it is located on Wireless Road within close reach of Ploenchit BTS Skytrain station.
7. On the date of the Meeting, the Company used a barcode system for registration based on the reference number already included in the registration form and proxy form to ensure convenience for shareholders and facilitate the registration. In addition, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration. Registration for the meeting started no less than two hours prior to the meeting.
8. To ensure transparency and verifiability, the Company provided voting cards for each agenda item. In casting votes, the Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards accordingly with his/her signature affixed and raise their hands to notify the Company's officers so as to have their barcodes scanned and their voting cards collected. All shareholders who voted to approve needed to mark the voting cards accordingly with his/her signature affixed but were not required to raise their hands. All the voting cards were collected when the meeting adjourned. As for a large number of

shareholders who authorized their proxies to the Independent Directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition.

9. The results of the vote count shall be announced at the Meeting after the completion of the counting of votes for each agenda item. However, vote counting for some agenda items might take longer. In such cases, the Chairman might request the Meeting to proceed with the consideration of the next item on the agenda to avoid disrupting the Meeting. The Meeting is informed of the result as soon as the vote counting has finished.
10. The Company assigned independent representatives from the auditor to check vote counting throughout the Meeting with the shareholders' right protection volunteer from Thai Investors Association serving as an observer.
11. Shareholders arriving after the Meeting had commenced were allowed to vote on the agenda item considered provided that a resolution was not yet made. They constituted part of the quorum starting from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.
12. At the Meeting, shareholders were allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders could obtain sufficiently detailed information on the matter in question. When shareholders had questions or inquiries, the Company's officers were available to answer queries under the authority of the Board.
13. For any item on the agenda at the Shareholders' Meeting, the shareholders can call for a casting of votes by secret ballot if at least five shareholders have made such request. The Shareholders' Meeting shall resolve to approve the casting of votes by secret ballot upon a majority of votes.
14. The agenda of the 2018 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter. Moreover, after all agenda items were considered, the Chairman welcomed shareholders' additional queries of their interest before declaring the meeting adjourned.
15. The 2018 Annual General Meeting of Shareholders resolved to amend Clause 19 of the Articles of Association regarding extraordinary general meetings of shareholders, enabling a shareholder or shareholders holding shares amounting to no less than 10 percent (previously 20 percent) of the total number of shares sold, to submit a request directing the Board of Directors to call an extraordinary general meeting of shareholders at any time, with The Board of Directors required to call a shareholders' meeting within 45 days (previously one month) of the date of receipt of such a request from said shareholders.
16. The Company disclosed the voting results and resolutions for each agenda item at the 2018 Annual General Meeting of Shareholders to the public via SET Portal and SCG website after the Meeting ended.

17. The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of Directors and the Management attending the meeting, voting procedure, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and shareholders' comments. The Company prepared the Minutes of the 2018 Annual General Meeting of Shareholders within 14 days from the date of the meeting, posted the minutes on the Company's website and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce as stipulated by law.

18. Following the Annual General Meeting of Shareholders, the Governance and Nomination Committee will consider the questions and suggestions made by shareholders and propose them to the Board of Directors to determine appropriate response measures and improve the next shareholders' meeting. For the 2018 Annual General Meeting of Shareholders, the suggestions made by the shareholders were compiled by the Management and proposed to the Governance and Nomination Committee as well as the Board of Directors for consideration. The response measures were determined as follows:

Topic	Shareholders' Suggestions	Consideration / Response Measures
(1) AI (Artificial Intelligence)	In the future, AI can be employed for auditing, which can help reduce auditing fees.	Technology has been employed in auditing to improve the efficiency, such as e-Audit, a tool that electronically collects records for auditing. The Board of Directors will keep abreast of the development of AI and consider the possibility of incorporating it.
(2) Sustainable Development	External scholars on the environment or sustainable development should be invited to share their opinions on SCG's sustainable development.	SCG has invited environmental scholars and institutes to share their opinions on issues related to the environment and sustainable development. SCG has also been organizing events to generate useful discussions about the environment and sustainable development, such as SD Symposiums and Discussion Panels.
(3) Elderly Employment	As Thailand is experiencing a declining birth rate and becoming an aging society, the Company should consider employing senior citizens.	SCG is an industrial business, which by nature must maintain certain work environments and types of workforce. The Company will consider the suggestion with due circumspection to achieve well-balanced measures.

2. Equitable Treatment of Shareholders

SCG is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as Thai or foreign investors to ensure equality and fair treatment for all to further ensure the maximum benefits of shareholders. The efforts are as follows:

Provision of opportunities for minor shareholders to propose matters to be included in the Meeting agenda and to nominate candidates for the election of Board members prior to the date of the Shareholders' Meeting

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company for three months such rules and procedures are posted on SET Portal and the Company's website.

For the 2019 Annual General Meeting of Shareholders, the Company provided an opportunity to shareholders to propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company during August 16 – November 15, 2018. The Agenda Item Proposal Form and/or Nomination for Directors Form along with the required documents must be sent to the Company Secretary or to the independent directors' email at ind_dir@scg.com. The criteria are as follows:

Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company (no less than 60 million shares) have the right to propose in advance agenda items. The Governance and Nomination Committee takes responsibility for screening the issues before presenting them to the Board of Directors for consideration. Should the proposed agenda item be included on the Meeting agenda, the Company shall specify it in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in the event the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders.

Moreover, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. The Governance and Nomination Committee shall consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee then presents the nominees to the Board for consideration before proposing them to the Shareholders' Meeting for approval.

In the past year, no shareholder proposed any agenda item or candidate for the election of Board members prior to the 2019 Annual General Meeting according to the above-mentioned criteria and procedures.

Preventing Misuse of Internal Information

The Company attaches significance to preventing the misuse of internal information that has not yet been disclosed to the public or confidential information that could have any impact on the Company's share price for one's own benefit or others. In SCG business operations, the Board of Directors, top executives, employees, and other involved parties must consider and deal with information that could reasonably be expected to affect the value of the Company's share or material information that has not yet been disclosed to the public. As a consequence, it is imperative that the internal information be appropriately managed and handled to prevent any information leaks that might be misused to take unfair advantage of other persons, which might constitute breaches of laws and cause damage to SCG's reputation.

In 2017, as proposed by the Governance and Nomination Committee, the Board of Directors approved the establishment of Insider Trading Policy and Insider Trading Guidelines to provide guidelines for the performance of duty for the Board of Directors, top executives, SCG employees and contractors who know or possess SCG material confidential information to prevent them from committing offenses. Such policy and guidelines are published on SCG website and communicated to all concerned persons for them to strictly uphold.

Furthermore, the Company reviewed the measures to prohibit trading in the securities of SCG or other listed companies related to insider information (Blackout Period) to comply with the Securities and Exchange Act amended B.E. 2559 and to align SCG practices with the SEC Office and the Stock Exchange best practices. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions (as well as their spouses, partners in a de facto relationship, and minor children) are prohibited from trading the securities (securities subject to disclosure include shares, convertibles, share warrants, futures, and derivatives underlain by the share of a listed company) of SCG or other listed companies related to insider information one month prior to the public disclosure of quarterly and annual financial statements and until 24 hours after the disclosure of the information.

SCG Corporate Secretary Office will notify all involved persons of the Blackout Period in advance.

The Company has made it imperative to review share trading of the concerned persons on a regular basis and to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the information. Moreover, the concerned persons who have knowledge of confidential information that could have effect on the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.

- Directors and executives (Top Executives) as defined by SEC are required to report any changes in securities holding as a result of the purchase, sale, transfer or acceptance of transfer of securities (Form 59-2) within three business days of the date of any changes through the SEC website.

In addition, the Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors' meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report. In 2018, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.

Preventing Conflicts of Interests

The Company realizes the importance of managing the conflicts of interests of related persons, namely, the Board of Directors, SCG top executives, and employees in a prudent, fair, and transparent manner. As a consequence, the Board of Directors has established policies and measures regarding conflicts of interests as follows:

- Directors, top executives, and their related persons must file a report with the Company stating their interests in the management of the Company or a subsidiary when they first take the office. They must also file a report should there be any changes in their interests and at every year end. The Company Secretary shall deliver a copy of such report to the Chairman and Chairman of the Audit Committee within seven days upon the receipt of the report in compliance with the Securities and Exchange Act B.E. 2535 and to use such information for monitoring and preventing any conflict of interests.

- At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.

- In case the connected transaction requires shareholders' approval, shareholders with a vested interest must abstain from voting on such agenda item as stipulated by law and the Company's regulations.

3. Role of Stakeholders

SCG has consistently adhered to its philosophy of ethical business conduct and corporate social responsibility as well as carried out its business to jointly create values with all stakeholders for mutual and sustainable benefits. This practice is overseen by the Board of Directors to ensure compliance with laws and regulations and adherence to SCG Corporate Governance Guidelines, SCG Sustainable Development Guidelines, SCG Code of Conduct, and other relevant policies, as well as protection of such rights and stringent equitable treatment.

The Board of Directors formally wrote the Stakeholder Engagement Policy in 2010 to serve as clear guidelines for employees on business conduct, create long-term added values for shareholders. Subsequently, in 2011, the Board of Directors approved the formulation of engagement policy and guidelines for each stakeholder group in a formal written form, which serve as a clear guidance for employees on engaging each stakeholder group.

At present, stakeholders have easier access to the Company's information through various sources and play an increasingly active role in its business operations. In response to this, The Board of Directors in 2017 approved the review and revision of engagement policy and guidelines for each stakeholder group to ensure more comprehensive policy, strategies, guidelines, and management procedures. In addition to reducing risks that may cause damage to the corporate image and reputation, the efforts also help enhance the brand and competitive advantages, adding value to the Company by demonstrating its commitment to stakeholders. The revised policy and guidelines are published on the SCG websites.

Stakeholder engagement guidelines are summarized below:

1) Shareholders

SCG attaches great significance to the shareholders, who are the business owners. As a result, the Board of Directors, which represents the shareholders, as well as the executives and employees are committed to carrying out business in line with the principles of good corporate governance and SCG business philosophy to ensure maximum benefits and long-term value for shareholders.

SCG respects the rights of its shareholders and recognizes its duty in ensuring equitable treatment of all shareholders as well as the fundamental rights stipulated by laws and Articles of Association of the Company, such as the rights to attend the Annual General Meeting of Shareholders, request extraordinary general meetings of shareholders, propose agenda items in advance, elect directors, receive fair remunerations, and voice opinions on the Company's business conduct through independent directors, all of which will be compiled and presented to the Board of Directors for review.

In addition to these aforementioned fundamental rights, SCG also carried out other measures to promote and facilitate the exercise of the rights of shareholders. The rights that shareholders are entitled to are disclosed under Section 1 'The Rights of Shareholders' and Section 2 'The Equitable Treatment of Shareholders' of the Annual Report.

Fostering Good Relations with Shareholders

SCC Shareholder Activities

SCG recognizes the importance of fostering good relations with shareholders. As a result, since 2010, the Company has continuously hosted a range of activities that are beneficial to society, culture, and the environment as well as opened up opportunities for shareholders to visit the sites of the Company's three business units. To this effect, the Company sends out invitation letters, with reply forms included, to shareholders via post to provide an opportunity for shareholders to declare their intention to participate in activities. Shareholders have expressed their interest and signed up for these activities. For each activity, the Company randomly chooses eligible candidates and announces the list of chosen participants on the SCG website as well as notify them via phone to confirm their participation.

In 2018, the Company held a total of four CSR activities for shareholders as follows:

1. Supreme Patriarch Veneration: The activity was hosted on February 8, 2018. The participating shareholders paid respect to Thailand's 20th Supreme Patriarch of the Rattanakosin era to bring upon themselves prosperity and affirmed their faith as Buddhists. The activity also included a visit to Wat Ratchabophit Sathit Maha Simaram Ratcha Wora Maha Wihan, with the goal of inspiring in the participants an appreciation for the magnificent Thai art and architecture of the temple, which was not only a representation of the Thai identity and culture passed on from generation to generation but also a national treasure that formed a source of pride for all Thais.

2. Visit to SCG's Floating Solar Farm: On June 27, 2018, the participating shareholders paid a visit to the site of SCG's Floating Solar Farm Project at Map Ta Phut, Rayong. The project aimed to develop solar power generation for use in business in order to reduce electricity costs, in line with the Company's Circular Economy Policy.

3. RUN FOR HEROES: Hosted on September 16, 2018 in collaboration with the SCG Foundation at Lumpini Park, Bangkok, the running event aimed at demonstrating support for forest rangers, raising funds to purchase gear and equipment for them, and promoting good health among the Company's shareholders.

4. Ta Luang Cement Plant Site Visit: On November 15, 2018, the participating shareholders paid a visit to Ta Luang Cement Plant, which was eco-friendly in both its operations and management, and

help painted the nursery and playground at the site. The shareholders also traveled to Wat Satue in Phra Nakhon Si Ayutthaya to pay respect to the reclining Buddha image, a practice traditionally believed to bring luck and prosperity.

Bondholder Activities

For more than 10 years, SCG has continued to deliver its valued bondholders various activities and privileges catering to their lifestyles. In 2018, SCG offered a wide array activities and privileges, as follows:

- Two seminars on “Investment in Thai Bonds” and “Technology 4.0 and its Roles in Startups”
- Craft workshops, to enhance skills and introduce hobbies, including cookie art, and DIY notebook paper craft
- “Plern Pleng the Concert,” an exclusive annual concert, with two shows performed at the Royal Paragon Hall, attended by over 8,400 bondholders and guests combined
- Domestic trips to Sakon Nakhon, Mae Hong Son, Chumphon, and Lamphun-Lampang
- Overseas trips to Vietnam, Montenegro, Spain-Portugal, and Egypt
- CSR activities
 1. The SCG Debenture Club for Schools Project: SCG and its bondholders raised over 1.3 million Baht to purchase school supplies for schools in rural areas to develop basic education. The schools included in the project were Ban Lang Khe School, Wat Sa Si Mum School, and Ban Hub Prik School in Ratchaburi.
 2. Workshop: SCG bondholders came together to make 200 medical restraint gloves, which were donated to the Home Healthcare Nursing Unit of Ramathibodi Hospital, and 320 DIY spacers for asthma patients, donated to the Queen Sirikit National Institute of Child Health.
- Exclusive Toyota Thai League match between SCG Muang Thong United and Buriram United for 100 members and SCG Exclusive Golf Tournament for VIP bondholders.

In addition, SCG Debenture Club members are eligible for exclusive discounts at Seefah, True Coffee, and Bangchak (member cards only), Samitivej Hospital, SCG Home Solution Stores, and many other select partners of SCG. Members can also choose to avail themselves of exclusive monthly privileges handpicked just for them through SCG Debenture Club mobile application. More information on these privileges can be found on the application and in the quarterly magazine Delight. These activities and privileges bear testament to the significance SCG has attached to its bondholders and society at large.

2) Employees

Human Rights Protection

SCG respects and protects the human rights of all employees in all its business operations as well as those involved in its Business Value Chain and in its Joint Ventures. SCG abides by the laws of each country and complies with UN Guiding Principles on Business and Human Rights, United Nations Universal Declaration of Human Rights (UNUDHR), and United Nations Global Compact (UNGCC), which SCG has supported since 2012. Added to this are the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and other international requirements on human rights according to the binding treaties.

The Board of Directors has prescribed human rights policies and practices, which are disclosed and communicated to all parties involved to provide clear guidelines in business operations and prevent human rights violations. Moreover, the Company has also undertaken a due diligence process and disclosed the performance in the Company's Sustainability Report.

Care of Employees

Remuneration Management

SCG has established remuneration policies that offer appropriate remunerations to employees on all levels and are competitive with those of other companies in the same industry with adherence to fair and equitable compensation practices both within and beyond the Group.

To maintain a shared sense of internal equity and fairness, remuneration is determined by job value. Each job is appropriately assigned to a pay grade that represents employees performing similar work in the compensation structures. Employees are entitled to fair and equitable compensation based on their performance as well as each position's requirements and responsibilities. As for external equity, SCG pledges to align the compensation with the economic circumstances, inflation rates, the Consumer Price Index, and remunerations of other businesses in the same industry, the data of which is garnered through surveys of wages and remunerations of employees on all levels in external industries.

SCG determines compensation in alignment with the Company's short- and long-term operating results. In the short term, the annual operating results such as revenues from sales, net profit, and EBITDA will be factored into the equation. In the long term, the Company's medium- and long-term plans including profit growth, market shares, overall operating results and ongoing operational enhancement, are taken into consideration.

Employee Benefits Management

SCG has established an employee benefits management policy and clear practice guidelines. They are disclosed in the Company's HR Management Disciplines as well as HR Regulations and Guidelines. SCG's employee benefits management policy focuses on providing appropriate and fair benefits for each group of employees. They are regularly reviewed to ensure alignment with changing socio-economic circumstances. The benefits extend to the employee's family members across their employment periods from first day of service through to retirement. They also encompass numerous areas including work-related benefits (such as allowances, travel expenses, accommodations, uniforms); medical benefits (such as medical and dental expenses, annual checkups, sports and fitness centers); and employee assistance benefits (such as provident funds, accident insurance, loans, compensation).

Long-term Employee Care

SCG is committed to providing long-term employee care and has established provident funds for SCG employees, registered as a juristic person with the Ministry of Finance under the Provident Fund Act B.E. 2530. Employees who are members are to deposit monthly contributions to the fund at the rate of 2-15% of their basic salaries as stipulated by law, and the Group matches monthly contributions to the fund at 5-13% of their basic salaries depending on the length of employment. Moreover, SCG provides

other long-term benefits to employees, such as reimbursements of medical expenses after retirement according to the criteria and conditions prescribed by the Company; projects that help employees prepare for their retirement in the areas of health, money management, and investment; career promotion; and the establishment of employee clubs.

Knowledge and Competency Enhancement

SCG has defined strategies in enhancing the knowledge and competency of employees together with practice guidelines, providing goals and operational directions to achieve business success. The strategies include the following:

1. Formulate the learning structure that integrates role-based competency with the same standard across the region to equip employees with the knowledge and competency to cope with emerging business challenges and the Company's rapid growth.

2. Create a culture of learning and coaching in which each individual employee assumes responsibility for their learning and development backed by the supervisor and the new 70 : 20 : 10 Model learning platform that emphasizes enhancing learning efficiency.

3. Connect employees' learning with the talent management system encompassing defining candidate qualifications, recruiting, developing, and retaining talent to ensure maximum learning efficiency, enabling employees to better meet business requirements.

4. Develop employee and leadership competency by establishing committees and agency dedicated to promoting employees' learning, ranging from the Learning Council at the corporate level, the BU Academy Committee at the business unit level, and the Professional Academy Committee at an individual level. The efforts ensure that each employee will be fully developed to meet company's requirement. At the same time, employees at managerial level will develop the attitudes, knowledge, and competency needed to address the increasingly intense competition and to enhance the competency of their staff members to become a vital force of SCG.

5. Create an environment conducive to learning by implementing a Learning Management System (LMS), enabling SCG to deliver the same quality learning experience across the region to maximize learning efficiency. Moreover, e-learning or gamification are adopted to promote digital classroom environments.

To implement the strategies in enhancing knowledge and competency and produce tangible results, the Learning Council has set forth the learning policy to ensure SCG's learning management at all locations meet the same standard, the details of which are as follows:

"SCG believes in the value of the individual and dedicates to excellence, we are committed to invest in creating the best learning experience for all SCG employees and to develop highly competent workforce under SCG values in order to sustain SCG's competitive advantages and growth.

1. SCG promotes learning agility as part of its organizational capabilities that supports business directions and cope with fast changing environment.

2. SCG learning infrastructure and related people systems shall facilitate employee development based on role-based competency with performance standard in order to ensure individual and business achievements.

3. At SCG, we learn from experience, others and formal learning. Essentially, our employees are accountable for their own learning and development to realize their potential and fulfill their career aspiration; SCG leaders at all levels shall support their employees by coaching, mentoring and providing learning opportunity to foster employee learning for mutual success and growth."

To provide guidelines on managing learning in accordance with the learning policy to corporate functions and each business unit, SCG has prescribed "Guidance for Training of Employees" to ensure all the learning management efforts of SCG both domestic and overseas are of the same quality and standard. Such guidance defines standards for various aspects such as training arrangement, credentials of a potential speaker, materials, etc.

In 2018, SCG continued to improve the learning of its employees and encourage them to engage more in self-learning. The Company also adjusted its employee development programs to accommodate a shift in learning behavior, such as by adding digital/mobile learning channels to existing courses and increasing contents related to digital technology, for better learning experience. SCG employees were still required to undergo a competency assessment and to develop an individual development plan (IDP) with their supervisors on a yearly basis. These initiatives bear testament to SCG's determination to keep improving its learning system to ensure that SCG employees at all levels will receive learning contents that are consistent with sustainable business development and be able to continuously develop their potential.

For 2018, SCG employees had 13 training days per employee on average. The learning and development expenses, both domestic and overseas, amounted to 1,524 million Baht.

3) Customers

SCG is committed to continuously creating innovations to offer products and services that meet true needs of its customers in terms of both quality and fair prices. SCG products and services must be safe as per international safety standards and environmentally-friendly, as well as promotes sustainable growth through excellence strategies in operating and human value marketing to ensure customer confidence and highest satisfaction. To this end, SCG has established a unit responsible for customer relations management in every business in order to offer suggestions on the Company's products and services, provide counsel regarding troubleshooting and after-sales services, and handle complaints when problems arise. Suggestions are then used to inform future operation plans to enhance operation efficiency.

Furthermore, SCG has put in place a management system to foster good customer relations, the main factor of which is the voice of customers. As such, customer satisfaction in each business group is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers, and customer insights discovered in the process are then further developed into new innovations. An example is the development of an innovation encompassing the knowledge management system, e-Service, e-Selling, and the business Warehouse for the customer feedback process, resulting in a central database of customer information to

facilitate sales and service providing. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers. According to the 2018 customer satisfaction survey through SCG Contact Center, the result of overall customer satisfaction survey of SCG was 100%

4) Suppliers/Business Partners

SCG adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon, SCG Code of Conduct, and pledges given to its suppliers. To this effect, the Company determines appropriate and fair sale prices, taking into account the reasonableness, the quality, and the entailed services. In addition, regulations regarding procurement and operations are clearly established. These include refraining from demanding or accepting benefits from suppliers, supporting environmentally-friendly procurement, avoiding purchasing products from suppliers that violate human rights or intellectual property law as well as dealing business with suppliers that carry out illegal acts.

As for its business partners, SCG has a policy of taking good care of its business partners regarding the environment, work safety, and remunerations through provision of knowledge, counsel, and motivation in order to bring about development in the environmental management system through a supplier safety certification system and consideration of appropriate and fair remunerations. In addition, the Company is resolved to develop the capabilities and knowledge of its business partners both within and outside their lines of work to enable them to work more efficiently. At the same time, SCG also encourages its business partners to enhance their knowledge to achieve highest efficiency in their work.

SCG drew up the SCG Supplier Code of Conduct, in which suppliers are defined as any suppliers, contractors, and/or service providers for SCG, to ensure an accurate understanding among SCG suppliers. The Code serves as guidelines for SCG suppliers in cooperating with the Company in becoming good corporate citizens and in adhering to good corporate governance, guided by the interests of society and the environment. The Code of Conduct also serves as mutual standards for business conduct and SCG suppliers are required to sign the acknowledgment of the SCG Supplier Code of Conduct before conducting business with the Company.

The Board of Directors approved the implementation of SCG Procurement and Vendor Selection Policies and Guidelines, in which the policy regarding the selection and screening, the required qualifications, and the application of SCG suppliers/business partners, as well as the procedures involved in carrying out business with SCG are clearly prescribed. This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the SCG website.

5) Joint Venture Partners

SCG respects the rights of joint venture partners, treats every partner equitably and fairly, and does not exploit partners. The Company also collaborates with joint venture partners to promote, support, and strengthen the operation of joint ventures; encourage exchange of opinions and suggestions; formulate

business plans; determine an appropriate and transparent allocation of interest and monitor and drive the operation of the joint ventures to be in accordance with the laws and sustainable development guidelines, in order for the joint ventures to achieve the shared goals.

6) Creditors

The Board of Directors takes into account equality for all concerned parties and honesty in carrying out its business. The Board is also committed to creating confidence and ensuring fair treatment to creditors. Policies and guidelines regarding the treatment of creditors are as follows:

1. The Company enters all types of agreement with each creditor in compliance with the law in a fair, and transparent way, without taking advantage of the parties to the agreement.
2. Any fraudulent method or concealment of material facts or information that may damage the creditors are prohibited.
3. The Company strictly complies with any agreed terms and conditions with all types of creditor accurately and straightforwardly.
4. The Company will pay loans plus interests to all types of creditor at the full amount when due.

To maintain the creditors' confidence, the Company stresses the importance of managing its finances to create an appropriate financial structure. The Company also strives to constantly keep creditors abreast of the Company's business status and maintain sustainable relations with creditors.

7) Communities

SCG carries out its business with concern for fairness for every stakeholder and is committed to socially-responsible business conduct. As a result, SCG has supported activities that improve the quality of life and benefit the communities where SCG operates, both domestic and in ASEAN countries. In addition, the Company also cultivates and promotes in its employees and related operators a consciousness of a good and responsible citizen who strives for the betterment of the communities and society. Furthermore, communities and every stakeholder are also encouraged to participate in activities or projects held by SCG as well as provide suggestions or lodge complaints about any impact from SCG operations, so that the industry and communities can co-exist sustainably.

As it is SCG's conviction that strong communities and society form the foundation for the prosperity of the country, the Company strives to enhance the living conditions of those in communities in accordance with their needs. To this end, the CSR Committee for Sustainable Development is tasked with formulating policies, directing projects, promoting the participation of employees, governmental agencies, affiliated organizations, and communities in carrying out activities. SCG has divided its community development management into two parts as described below:

- **Society and communities around the plants:** The Company's policies focus on the quality of life of people in the local communities, jointly overseen by community relations teams and local businesses in the area. Two initiatives under such policies are "Cement Partnership Project" and "Community Partnership Association," both of which aim to bring about sustainable and harmonious co-existence between the industry and the communities, provide healthcare for the

communities, grant scholarships to local residents, reach eco-industry standards, spread knowledge on community care, and host training courses to foster knowledge and competency in various areas for people in the communities.

- **Society at large:** The Company's policies in this regard focus on developing human potential, so that people can improve their own quality of life and the well-being of society. These policies are implemented through projects that directly respond to social issues. These projects combine the Company's body of knowledge and expertise with the potential of the society. An example is the "Water Conservation from Mountains to Rivers" Project, which applied His Majesty King Bhumibol Adulyadej's water management ideas to each area to ensure efficient upstream, midstream, and downstream water management. The project also encouraged each community to develop self-reliance and create its own water management to ensure that it existed in harmony with nature. Another example is the "Sharing a Brighter Vision Project," in which SCG collaborated with external organizations to take ophthalmologists to rural areas in Mawlamyine, Myanmar, where they performed operation on cataract patients to enable them to take care of themselves and give them a better quality of life.

Additional information on the Company's responsibility toward communities, the environment, and society can be found in the Sustainability Report

8) Governmental Agencies

SCG has clearly defined guidelines for engaging in transactions with government agencies in the SCG Code of Conduct and SCG Anti-corruption Policy. Furthermore, SCG ensures strict compliance with relevant laws and regulations despite varying conditions, procedures, or practices in each locality. In addition to refusing to engage in an act that could provide an incentive for officers in government agencies to commit an inappropriate or unlawful deed, the Company also cooperates with government agencies in providing academic assistance or support for various activities and is open to comments, suggestions, and complaints from government agencies.

9) Media

SCG attaches significance to the timely, accurate, and transparent disclosure of information to the media, so they can communicate the information to the public with accuracy and in a timely fashion. To create continuous media engagement, a number of activities catering to the interests of the media have been held such as press conferences, CSR activities. The Company is also committed to fostering good relations with the media through opinion exchange sessions to further development and provision of support for their academic activities based on the media code of conduct.

10) Competitors

SCG has a policy to treat competitors fairly under an honest competition framework. The Company is committed to carrying out business fairly in compliance with the law and SCG Code of Conduct and with concern for trade ethics and transparency. The Company also refuses to gain an unfair advantage over its competitors through unlawful activities, seek confidential information through unethical or inappropriate means, engage in any action that violates competitors' intellectual properties rights, or destroy

competitors' reputations with defamatory and untruthful statements. In addition, the Company supports and promotes free trade, avoiding any acts that monopolize the market, impede or limit fair competition.

11) Civil Society Sector, Scholars, and Thought Leaders

SCG conducts business with concern for social responsibility and all stakeholders. In addition to full, accurate, transparent, verifiable disclosure of information, the Company recognizes the importance of comments and suggestions from the civil society sector, which reflect issues that the Company can improve to create values and benefit for society. Since 2010, the Sustainable Development Committee has held opinion panels comprising esteemed figures from government and private sectors, as well as independent entities. These panels focus on the care and the creation of value for society and communities as well as strive to include the industry and the entire SCG supply chain in order to create a shared business practice for sustainability.

Contacts for Stakeholders

SCG has opened up channels through which stakeholders can offer suggestions, which will then be compiled, screened, and reported to the Company's top executives and the Board of Directors, as follows:

Company secretary	Tel: 66-2586-6098 E-mail: corporate@scg.com
Investor relations	Tel: 66-2586-3309 E-mail: invest@scg.com

In addition, the Company has also provided channels through which employees and external stakeholders can contact, offer opinions, lodge complaints, and report violation cases, namely the Whistleblowing System via SCG intranet (for employees) and www.scg.com (for other stakeholders) for further actions to be taken. The procedures are as follows:

- Employees or stakeholders file reports via the designated channels. The information provided is considered confidential and revealed only as necessary. The Company has also put in place informant/complaint lodger protection measures, and the investigation does not require the revelation of the informant's identity or the information source. In addition, informants can demand appropriate protection measures or the Company might implement extra protection measures without having received any demand informants if the issue can potentially cause damage or dangers.
- The Internal Audit Office receives complaints, verifies the validity, and conducts a preliminary investigation with meticulousness to reach a conclusion within 30-60 days. Progress reports are also made to the informants if their identities are identified.
- In the event that a violation is proven, an investigation committee will be formed to pass judgment and determine the punishment. Then, the corruption or complaint will be reported to the Audit Committee and the Board of Directors.

Should stakeholders desire to contact the Board of Directors directly without going through the management in order to report cases of rights violation, corruption, non-compliance with laws or ethical practices which might be related to an executive, they can file reports to the independent directors via ind_dir@scg.com

4. Disclosure and Transparency

SCG recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial. Information shall be complete, sufficient, transparent, reliable and up-to-date.

SCG has defined a disclosure policy in writing to provide guidelines for all employees to uphold since 2008. The Board of Directors in 2017 resolved to revise the disclosure policy to align it with the current laws and best practice guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. The efforts ensure shareholders, investors, and all stakeholders that SCG is committed to the accurate and transparent disclosure of information in compliance with the laws and in an equitable manner. Details of the policy and guidelines are published on SCG websites for all stakeholders and the public.

SCG is committed to strictly obeying the law, regulations, and obligations mandated by the Securities and Exchange Commission (SEC), the SET and relevant government bodies. Regular amendment takes place to ensure accurate information disclosure and to guarantee SCG's transparency in conducting business. For example, the Company:

1. Compile reports as required by laws related to directors and chief executives and submit such reports to the Securities and Exchange Commission.
2. Establish a policy that requires the Company's directors and executives to report their own interests, and those of any related persons, which are vested interests relating to the management of the Company or its subsidiaries according to the criteria and reporting procedures prescribed by the Company.
3. Established a policy requiring all the directors to disclose/report their securities trading to the Board of Director's meeting and prescribing the directors and executives to report their holdings of the Company's debentures and ordinary shares in the Company's subsidiaries, as well as the ordinary shareholdings of their spouse and minors, to the Board of Directors every quarter. They are also required to report the number of shares they hold at the beginning of the year and at year-end together with the number of those traded during the year in the Company's Annual Report.
4. Prepare a report on the Board's responsibility for financial statements and present it along with the Audit Committee's report in the Annual Report.
5. Publish Notice of Annual General Meeting of Shareholders and Annual Report within 120 days after each financial year-end.
6. Publish minutes of the latest and previous Annual General Meeting of Shareholders on the Company's website.
7. Disclose the roles and responsibilities of the Board of Directors and Sub-committee, the number of meetings held, and the number of meetings each individual director and Sub-committee member attended.
8. Disclose the date of the director's appointment in the Company's Annual Report.

9. Disclose the Board member selection process and the Board's performance assessment.
10. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.
11. Disclose details of each individual director's attendance of courses offered by the Thai Institute of Directors Association (IOD).
12. Disclose detailed information on the operations and investment structure of subsidiaries, associates, joint ventures and other companies.
13. Disclose the audit fee and other fees in the Company's Annual Report.
14. Disclose the Company's Memorandum of Association and Articles of Association on the Company's website.
15. Disclose policy on environmental and social responsibility and related performance.
16. Disclose corporate governance policies and related performance.
17. Reveal significant investment projects and relevant impacts of the projects via the SET Portal of the Stock Exchange of Thailand and SCG website to ensure that shareholders, investors, the press, and related parties are kept informed of information accurately, extensively, and transparently.

Furthermore, the Board of Directors approved the establishment of Code of Conduct for Investor Relations (IR) to ensure that SCG's investor relations practices are appropriate and fair to all stakeholders. The Code of Conduct for IR compiled all SCG's best practices related to investor relations to provide clear guidelines for IR officers in their performance of duties in compliance with SCG Corporate Governance Principles. The endeavors will add value to the Company and create confidence among shareholders, investors, the general public, and all stakeholders, leading to sustainable business operations.

The Company's Information Distribution Channels

SCG places great importance upon transparency and full disclosure of significant financial, operational, and other relevant information, so that it is accurate, complete, and timely. In addition to fulfilling legal and SET reporting requirements, SCG has established its own broad infrastructure of dissemination channels to reach interested parties. These communications channels include:

1. The Investor Relations Department, which is responsible for direct communication with both local and international investors.
2. Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.
3. Analyst conference to announce quarterly operating results to investors and analysts.
4. Activities to disseminate policy and operational guidelines to employees.
5. Activities to meet both local and international investors and other stakeholders.
6. Speaking opportunities to share knowledge in national and international forums.

7. Company visits and plant tours for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.
8. Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media.
9. Periodical publications and media, such as annual reports, sustainability reports, debenture holder journals, customer journals, dealer journals, and employee journals.
10. Electronic media for communications with employees, such as intranet, e-mail and social media.
11. Website: “www.scg.com” and social media.

Investor Relations Department

SCG’s Investor Relations Department communicates with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. Shareholders requiring additional information can contact the Investor Relations Department directly via invest@scg.com. In 2018, SCG organized various activities in order that the president & CEO and the vice president could meet retail investors, institutional investors, and analysts on a regular basis and present the operating results, financial statements and position, management discussion and analysis, and industry trends to them. These activities in 2018 included:

- Domestic roadshows and conferences for the President & CEO and Vice President to meet with domestic institutional investors to offer relevant explanations, communicate with them, and create an accurate understanding regarding SCG’s business approach and general information. A total of eight such events were held.
- Two briefings by the President of each business unit, aimed at providing analysts and institutional domestic investors with knowledge and insights into SCG business units with respect to their strategies and business directions
- Four Analyst Conferences and Press Conferences, held on a quarterly basis
- Nine overseas Roadshows
- Three site visits in the Group’s major business units, aimed at fostering a basic understanding of the production process, with emphasis on the production from the beginning to the finished product
- Company visits, including one-on-one meetings, group meetings, and conference call, which allowed investors to inquire about the business conduct and strategies of the Company. Investors’ inquiries are also directly responded to via e-mail and telephone on a regular basis.

Should there be any need for additional information, shareholders can directly contact the Investor Relations Department via these channels:

Address:	1 Siam Cement Road, Bangsue, Bangkok, 10800
Tel:	66-2586-3309
E-mail:	invest@scg.com

5. Responsibilities of the Board of Directors

5.1 The Structure of the Board of Directors

The Board of Directors comprises respected, knowledgeable, and competent persons who are responsible for drawing up corporate objectives and goals and collaborating with the top executives to formulate short-term and long-term strategies, policies, and operations, define the Company's financial policy, risk management policy, and organizational overview, and review the Company's policies and key operating plans annually. The Board plays a vital role in allocating its key resources in accordance with the corporate goals as well as monitoring and assessing the performance of the Company and top executives on an independent basis.

The Articles of Association of the Company prescribe that there shall be no fewer than nine but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders. The names of the directors are as follows:

1.	Air Chief Marshal Satitpong Sukvimol	Chairman*
2.	Mr. Sumet Tantivejkul	Vice Chairman and Independent Director
3.	Mr. Kasem Watanachai	Director*
4.	Police Colonel Thumnithi Wanichthanom	Director**
5.	Mr. Pricha Attavipach	Independent Director
6.	Mr. Chumpol NaLamlieng	Independent Director
7.	Mr. Tarrin Nimmanahaeminda	Independent Director
8.	Mr. Pramon Sutivong	Independent Director
9.	Mrs. Tarisa Watanagase	Independent Director
10.	Mr. Kan Trakulhoon	Director
11.	Mr. Prasarn Trairatvorakul	Director
12.	Mr. Roongrote Rangsiyopash	President & CEO

Remarks: * Assumed the directorship on March 28, 2018

** Assumed the directorship on April 25, 2018

The Board of Directors is composed of an executive director, which is the President & CEO, and 11 non-executive directors, who have prior experience related to the Company's main business, the industrial sector, or the management of a large organization beneficial to the directing of the Company. None of the non-executive directors were the President & CEO in the past two years. The profiles of each member of the Board can be found in the Annual Report.

In addition, the Board of Directors is composed of six independent directors, constituting half of the total number of directors, and one of these independent directors is female. The duties of these independent directors include auditing the management, providing opinions and comments, supporting policies beneficial to shareholders or opposing any inequitable or non-transparent decisions that may affect the benefits of shareholders or stakeholders, overseeing the establishment and disclosure of policies regarding connected transaction supervision to ensure the maximum benefit of the Company and its shareholders.

In compliance with international corporate governance standards, the Company has made the diversity of the Board a priority in order to enhance its ability to nominate individuals with qualifications for directorship in line with the Company's business. On the suggestion of the Governance and Nomination Committee, the Board of Director proposed to the 2018 Annual General Meeting of Shareholders that the provision in Clause 29 of the Company's Articles of Association specifying that a director who is not a shareholder must be a Thai national be taken out. The Shareholders resolved to approve the amendment as proposed

5.2 Scope of Authority of the Board of Directors

(Revised as of December 20, 2017 by the board of Directors resolution)

The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
 - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
 - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
 - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).
 - 1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).
2. Defining and reviewing the structure of the Board of Directors, number of directors, proportion of independent directors as well as Board diversity and director qualifications to align with SCG's business operations.
3. Directing SCG's visions, missions, and business strategies, with an annual revision and approval.
4. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of SCG to reach a globally competitive level.
5. Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring of each business unit's and SCG's overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of SCG's employees.
6. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care, prudence, and integrity to preserve the highest interests of the Company with fairness to all involved parties.
7. Overseeing and supporting the creation of innovations that create value for SCG as well as all stakeholders.
8. Overseeing and monitoring IT management and the implementation of the IT security system.

9. Specifying risk management policies and overseeing to ensure effective risk management systems and internal control together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.
10. Overseeing and developing SCG's corporate governance to keep it consistent with international standards to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and SCG Code of Conduct.
11. Encouraging staff at all levels to be conscious of ethics and morality and comply with SCG's principles of corporate governance, Code of Conduct and the Anti-corruption policy while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.
12. Overseeing and monitoring the Company's liquidity and debt service coverage together with emergency plans and mechanisms in case of problems arising.
13. Overseeing and monitoring to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, and timely and are in compliance with the relevant regulations and guidelines.
14. Overseeing to ascertain shareholders' involvement in the decision making of SCG's important matters, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders effectively and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.
15. Reviewing top executive development plans and the succession plan for the President & CEO while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.
16. Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Sub-committees as a whole, that of each individual director as a self-assessment, and that of the chairman together with monitoring the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors as well as reviewing the assessment results of the Board and Sub-committees on a regular basis.
17. Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and Sub-committee members are determined appropriately.
18. Devoting sufficient time to performing their duties, attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

19. Monitoring and managing any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as overseeing to prevent misuse of SCG's assets and the entering into inappropriate transactions with persons connected with SCG.
20. Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge.

In performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

5.3 Scope of Authority of the Chairman of the Board of Directors

(Revised as of December 20, 2017 by the Board of Directors' resolution)

The Chairman of the Board of Directors has the following authority:

1. Sets Board meeting agenda in consultation with the President & CEO and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.
2. Provides leadership and direction to the Board of Directors and chairs meetings of the Board.
 - 2.1 Conducts a Board meeting according to the agenda, the Company's Articles of Association, and applicable laws.
 - 2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.
 - 2.3 Sums up the Board meeting resolutions and the actions to take clearly.
 - 2.4 Sets up a Board meeting without the presence of the Executive Director.
3. Chairs meetings of shareholders according to the agenda, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.
4. Supports and be a role model in compliance with the principles of good corporate governance and SCG Code of Conduct.
5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the President & CEO and the Management in accordance with the Company's policy.
6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.
7. Oversees to ensure the Board of Directors has appropriate structure and composition.
8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

5.4 The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board Charter, and the Shareholders

Meeting resolutions. Such matters include defining and reviewing corporate vision, mission, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-range business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, and joint venture deals.

5.5 Separation of the Roles of the Board of Directors and the Management

The Company has defined clear roles and responsibilities regarding the Board of Directors and the Management in accordance with the Company's Delegation of Authority Manual. The Board shall be responsible for establishing the policies and overseeing the Management's implementation of those policies. The Management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President & CEO of the Company shall not be the same person, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review.

The Chairman shall not be a member of the Management and shall not participate in the Management of SCG's business; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy, and business management.

The management is authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

5.6 Directors' Term of Service

Term Duration

The Company's Articles of Association stipulates the director's term of office in accordance with the Public Limited Companies Act B.E. 2535 that at the Annual General Meeting of Shareholders each year, one-third of the total directors shall retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third shall retire from the office. In choosing those directors who retire, the length of service on the board should be considered, so that those who have served longest are most eligible to retire. As the Board comprises 12 members, four directors are due to retire by rotation each year. However, once retired, they are eligible for re-election as directors.

Consecutive Terms of an Independent Director

The Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms, with the first term starting from the Board's approval date on May 25, 2011 and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names

to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be deemed independent.

5.7 Policy on Directors and Top Executives Holding Directorship in Organizations outside SCG

Limitation of the Number of Listed Companies in Which a Director May Hold Directorship

The Board of Directors has set a limit to the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests as it helps ensure that directors have time sufficient to fulfill their duties. The Board of Directors has agreed to prescribe that each director should hold directorship in a maximum of four other listed companies. The Board of Directors has followed this policy strictly, and none of the directors currently hold directorship in over four other listed companies. In addition, SCG has a guideline in case the President & CEO is appointed as the director of another company. The matter will be proposed to the Board of Directors for approval.

Policy and Guidelines on SCG Top Executive's Directorship in Organizations outside SCG

The Board of Directors has established a policy allowing the President & CEO and the Company's management to hold a directorship in companies that are not SCG subsidiaries or associates or to spend the Company work hours carrying out directorships for external institutes for the three following organizations:

- (1) Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.
- (2) Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.
- (3) Private organizations that are established for trading purposes but present no conflicts of interest with SCG and do not consume time to the extent that it is disadvantageous for the Company.

The President & CEO is to propose a directorship in other companies or external institutes for approval from the Board of Directors. As for management employees, the proposal must be submitted for approval in accordance with the Company's Approval Authority, in which case the proposal will be reviewed with consideration to the Company's intent to ensure that its employees demonstrate determination and effort and dedicate their working hours to their duties at the Company to the best of their ability, as well as adhere to the ethical guidelines regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competitive with the Company's business. The approval of directorships or the use of the Company's working time on duties in external institutes/companies depends on the Company's judgment and is reviewed on a case-by-case basis. In this regard, the Company has informed relevant management employees of the aforementioned policy and process.

5.8 Performance Assessment and Knowledge Enhancement

Assessment of the Board's Performance

SCG has stipulated a performance assessment and a review of the performance results of the Board of Directors and Sub-committees at least once a year on a yearly basis. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. On top of this is the performance appraisal of the Chairman of the Board of Directors. The Board of Directors then analyzes and summarizes the results of the assessment to formulate measures to further enhance the efficiency of the Board of Directors.

As for the performance assessment of the Board of Directors as a whole and self-assessment, the Governance and Nomination Committee is tasked with reviewing the performance assessment forms for the Board of Directors and the Sub-committees, the performance assessment form of the Chairman, and information needs questionnaires used to enhance the knowledge and performance of the directors; and proposing these forms to the Board of Directors for review.

The Corporate Secretary Office distributed the assessment forms to each director for assessing the performance of the Board of Directors and the Sub-committees in which he serves. Afterwards, the Corporate Secretary Office summarized and presented the results of the performance assessment to the Governance and Nomination Committee and the Board of Directors for acknowledgment and later submitted the assessment results to the Chairman of the Board and the Chairman of each Sub-committee.

In 2018, the performance assessment results of the Board of Directors and the Sub-committees were summarized as follows:

Board of Directors/Sub-committees	Performance Assessment Results (As a Whole) (%)	Performance Assessment Results (Self-Assessment) (%)
1. The Board of Directors	97	94
2. The Audit Committee	100	98
3. The Governance and Nomination Committee	100	99
4. The Remuneration Committee	94	95

The Assessment of SCG President & CEO and SCG Top Executives

The Board of Directors and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration in short term and long term for the President & CEO and top executives of SCG and propose such amount to the Board taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.
2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.
3. The executive's capability to develop the business unit and improve operational efficiency for each business unit each year.

In addition, a survey on manager-level employees' opinions regarding the President & CEO and the top executives is included in the Remuneration Committee's consideration.

Performance Assessment of the Board by Independent External Consultants

In addition to the annual performance assessment of the Board of Directors both as a whole and self-assessment, the Board of Directors has also introduced a policy subjecting itself to a performance assessment by independent external consultants every three years to develop guidance for enhanced efficiency and to ensure compliance with the Corporate Governance Code stipulated by the Securities and Exchange Commission (SEC) B.E. 2560 and DJSI's governance assessment guidelines. The policy was first implemented in 2015.

In 2017, on the suggestion of the Governance and Nomination Committee, the Board of Directors selected EY Corporate Services Company Limited as the independent external consultant who would conduct the performance assessment of the Board in 2018. The assessment would compare the structure as well as the roles and responsibilities of the Board with international standards to determine the direction of knowledge and competency enhancement for the Board and to elevate the standards of the performance assessment of the Board to be in line with international practices and corporate governance codes. The details of the assessment are described below:

Rationale and assessment methods

The independent external consultant established assessment factors and components covering all facets of the Board, including its structure, composition, roles and responsibilities, performance, and competency development, and held a meeting with the project's head and coordinator to create an assessment questionnaire and conduct interviews, both in Thai and English, with the Company's directors, executives, the management officers relevant to the aforementioned assessment factors and components. After having compiled and reviewed relevant documents, information published on the Company's website, and other information vital for the assessment, including SCG Code of Conduct, the external consultant then proceeded to conduct a performance assessment of the Board of Directors, making comparisons with relevant corporate governance codes as well as other leading listed companies in Thailand and other countries.

Assessment results

The average score from the questionnaire and the interviews of the Company's Board of Directors and executives was 96%. A score breakdown is provided below.

Major Components		Score (%)
1.	Structure	
	(1) Structure and performance of the Board of Directors	95.4
	(2) Composition of the Board of Directors	95.2
2.	People	
	(1) Roles and responsibilities	97.5
	(2) Behavior and culture	97.4
	(3) Structure of the corporate group	95.0
3.	Process and Information	
	(1) Oversight of information report and disclosure	97.3
	(2) Oversight of internal control units	97.0
	(3) Training and competency development of the Board of Directors	94.0

The Governance and Nomination Committee reviewed the suggestions of the external consultant that could be applied to the Company to further improve the performance of the Board of Directors, benefit the Company, and keep up with the higher expectations of various stakeholders, including Rating Agencies, Governance Watchdogs, and Regulators. The Governance and Nomination Committee then submitted these suggestions, along with additional recommendations of their own, to the Board of Directors to inform the future development of SCG's corporate governance.

Development of Directors and Top Executives

The Governance and Nomination Committee deemed it appropriate to arrange activities to enhance knowledge beneficial to the performance of duties and responsibilities of the Company's Directors. As a consequence, the Company has held many dialogs, allowing for an exchange of experience and views among the directors, top executives and outside experts since 2011.

In 2018, the Governance and Nomination Committee organized three development activities for the Company's directors and top executives, as follows.

- 1) A Board Seminar on "Startup Business": The Seminar was held on August 6, 2018 to foster an understanding of new business models that could help SCG's main business obtain insights into customer needs or reduce management costs through digital transformation and bring about integrated business development. The Seminar featured founders of startups in which SCG had invested, who presented their business models and operations and exchanged ideas with the Company's directors extensively.
- 2) Innovation Showcase: Hosted on August 24, 2018, the showcase featured innovative products and an exhibit on the development of products and services by the R&D units of SCG's three main business units. The showcase was held to coincide with the medium-term plan meeting to provide an opportunity for the directors, researchers, developers, and executives overseeing innovation to

exchange ideas and suggestions that could be applied to further extend SCG's projects and increase business value.

- 3) Cement plant visit and CSR activity of the Cement-Building Materials Business in Mawlamyine, Myanmar. The site visit was held on November 10-11, 2018 to broaden the directors' experience with one of the Company's core businesses. The visit also provided an opportunity for local employees to closely present developments in their operations and report their CSR efforts to the directors.

In addition, SCG encourages all members of the Board and the top executives to attend seminar and courses beneficial to the fulfillment of their duties as well as exchange ideas with the Board of Directors and top executives of different organizations. The courses that they are encouraged to attend include both those hosted by the SCG Human Capital Institute and those organized by governmental regulating bodies or independent organizations, such as the courses for the Board of Directors offered by the Thai Institute of Directors Association (IOD). This is so that they can apply the knowledge and experienced gained to the development of the organization.

Development Activities and Training Attended by Each Director in 2018

Directors	Development Activities and Training Attended
1. Air Chief Marshal Satitpong Sukvimol	- Innovation showcase and exhibit of the development of products and services by the R&D units of SCG's core businesses
2. Mr. Sumet Tantivejkul	- Innovation showcase and exhibit of the development of products and services by the R&D units of SCG's core businesses
3. Mr. Kasem Watanachai	- Innovation showcase and exhibit of the development of products and services by the R&D units of SCG's core businesses - Cement plant visit and CSR activity of the Cement-Building Materials Business in Mawlamyine, Myanmar
4. Police Colonel Thumnithi Wanichthanom	- Innovation showcase and exhibit of the development of products and services by the R&D units of SCG's core businesses
5. Mr. Pricha Attavipach	- Seminar on "Startup Business" - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG's core businesses - Cement plant visit and CSR activity of the Cement-Building Materials Business in Mawlamyine, Myanmar
6. Mr. Chumpol NaLamlieng	- Innovation showcase and exhibit of the development of products and services by the R&D units of SCG's core businesses

Directors	Development Activities and Training Attended
7. Mr. Tarrin Nimmanahaeminda	<ul style="list-style-type: none"> - Seminar on “Startup Business” - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG’s core businesses
8. Mr. Pramon Sutivong	<ul style="list-style-type: none"> - Seminar on “Startup Business” - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG’s core businesses - Director Luncheon Briefing 2018 hosted by IOD
9. Mrs. Tarisa Watanagase	<ul style="list-style-type: none"> - Seminar on “Startup Business” - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG’s core businesses - Chairman Forum “Digital Transformation - A must for all Companies” 2018, hosted by IOD - Independent Director Forum “Tough Boardroom Situations” 2018, hosted by IOD - National Director Conference "Rising Above Disruptions: A Call for Action" 2018, hosted by IOD
10. Mr. Kan Trakulhoon	<ul style="list-style-type: none"> - Seminar on “Startup Business” - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG’s core businesses - Cement plant visit and CSR activity of the Cement-Building Materials Business in Mawlamyine, Myanmar - Chairman Forum “Digital Transformation - A must for all Companies” 2018, hosted by IOD
11. Mr. Prasarn Trairatvorakul	<ul style="list-style-type: none"> - Seminar on “Startup Business” - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG’s core businesses - Cement plant visit and CSR activity of the Cement-Building Materials Business in Mawlamyine, Myanmar - Board Nomination and Compensation Program (BNCP) 5/2018 hosted by IOD - National Director Conference "Rising Above Disruptions: A Call for Action" 2018, hosted by IOD

Directors	Development Activities and Training Attended
12. Mr. Roongrote Rangsiyopash	<ul style="list-style-type: none"> - Seminar on “Startup Business” - Innovation showcase and exhibit of the development of products and services by the R&D units of SCG’s core businesses - Cement plant visit and CSR activity of the Cement-Building Materials Business in Mawlamyine, Myanmar - National Director Conference "Rising Above Disruptions: A Call for Action" 2018, hosted by IOD

The attendance of the directors in courses offered by the Thai Institute of Directors (IOD) is shown in the individual profile of each director under Management Structure.

To support the Board’s responsibilities, SCG has assigned the Secretary to the Board and Corporate Secretary to work in coordination with the Board and the top executives. In addition, the Corporate Secretary Office is responsible for overseeing the legal matters, relevant standard practices and activities of the Board to ensure implementation of the Board’s resolutions.

SCG has prepared a Director Manual, which includes the summary of laws, rules and regulations related to the directors as well as Charter of the Board of Directors and Sub-committee, policies on SCG corporate governance and practices to keep directors informed of roles, duties, principles, responsibilities and practices for a director. The Manual is distributed to all directors for use as reference regarding basic information. In addition, directors are also kept abreast of laws related to or promoting good corporate governance.

SCG Director Induction

In 2018, SCG established a Director Induction Program for new directors to facilitate their prompt performance of duties. The corporate secretary was commissioned to coordinate the work in the three following areas based on the Orientation Program:

- 1) To compile necessary information for directors to ensure their compliance with laws, rules, and regulations related to directors.
- 2) To provide important information essential for the directors’ performance of duty, such as the Memorandum of Association and the Articles of Association, Director Manual, the handbook for directors of listed companies, a summary of operating results, a summary of SCG corporate governance principles, and other relevant handbooks, for use as quick references.
- 3) To arrange for a meeting with the Chairman and directors and the executives or head of each function to stay informed and make queries about SCG’s business in depth.

9.2 The Sub-committees

The Board has further established the Audit Committee, Governance and Nomination Committee, Remuneration Committee, and CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or reference. In this regard, SCG put in

place its Charter of the Board of Directors and Charter of the Sub-committees specifying rights and duties, which is published on the Company's website. Moreover, the Board of Directors is entitled to form other sub-committees to handle any specific situations as seen appropriate.

1. The Audit Committee

The Audit Committee comprises four independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Mr. Tarrin Nimmanahaeminda and Mrs. Tarisa Watanagase, with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's policies, Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently.

The Audit Office, with Mr. Pitiya Chanboonmi as its Director, acts as an operations unit reporting directly to the Audit Committee. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company's external auditor, which exclude the management, at least once a year in order to hear their comments. In addition, the Committee may seek external consultation and professional advice from independent consultants as deemed appropriate, at the Company's expense.

The Audit Committee of the Company comprises the following four members:

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|-------------------------------|----------|
| 1. Mr. Tarrin Nimmanahaeminda | Chairman |
| 2. Mr. Pricha Attavipach | Member |
| 3. Mr. Pramon Sutivong | Member |
| 4. Mrs. Tarisa Watanagase | Member |

The Audit Committee's Term on Board

The Audit Committee is subject to a three-year term. The directors shall retire from office by rotation at the Annual General Meeting of Shareholders. However, a retiring director is eligible for re-election.

If there is a vacancy on the Audit Committee due to reasons other than retirement by rotation, the Board of Directors shall appoint a qualified individual as director to fill the vacancy, so that the Audit Committee is composed of the number of directors prescribed by the Board of Directors. The appointed individual shall hold the directorship only for the duration of the remaining term of the director he or she replaces.

Scope of Authority of the Audit Committee

(Revised as of December 20, 2017 by the Board of Directors' resolution)

The Audit Committee is authorized to fulfill the following duties:

Corporate governance, risk management, compliance, and internal control

1. Review the appropriateness of the financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards and promote the development of financial reporting systems in compliance with International Financial Reporting Standards.
2. Consider connected transactions, acquiring or selling of assets, or those with possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Securities and Exchange Commission, Thailand.
3. Review the presence of the Company's risk management, work processes, control, oversight of performance of duties, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards.
4. Review the Company's Anti-corruption procedures to ensure the effective compliance with the guidelines of the governance bodies including Collective Action Coalition Against Corruption (CAC), Thai Institute of Directors (IOD), and The National Anti-Corruption Commission. The efforts start from promoting and raising awareness, assessing the risks, internal controls, incorporating the proactive preventive system, reporting frauds, auditing as well as reviewing the self-assessment form regarding anti-corruption measures as audited and assessed by the Internal Audit Office.
5. Review the Company's Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business.
6. Review the compliance of the Company's Internal Control System with Internal Control Framework (COSO 2013) and the appropriateness and the effectiveness of the Company's Internal Audit System in accordance with internationally accepted approaches and standards. Also, review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.
7. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblowing system.
8. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.

Others

9. Select and propose the appointment or discharge an independent person to perform the duties of the Company's auditor and also propose the remuneration of the Company's auditor and evaluate the effectiveness of auditor's performance.
10. Prepare the audit committee's report to be disclosed in the Company's Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by SET.

11. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with the Company's auditors. Also, organize meetings with the Company's auditor, without the attendance of management, at least once a year.
12. Approve the internal audit plan, budget and manpower of the Internal Audit Office. Also, provide recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office.
13. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command. Also, review the execution of the Internal Audit Office for the performance assessment according to international standards.
14. Review the presence of the Audit Committee's performance assessment as a whole and as self-assessment on an annual basis.
15. Perform other actions as required by law or as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the Company's expense.

The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

Responsibilities of the Audit Committee

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for business operation of the Company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.
2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee:
 - (1) Transactions which may cause conflicts of interest.
 - (2) Fraud or irregular events or material flaws in the internal control system.
 - (3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company's business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

2. The Governance and Nomination Committee

The Governance and Nomination Committee comprises six of the Company's directors, all of whom are non-executive directors and four of whom are independent directors. The chairman of the Governance and Nomination Committee is an independent director. The Committee is responsible for proposing, revising, and supervising the Company's corporate governance matters. The Committee is also in charge of the nomination of persons qualified to become directors to replace those who are retired by rotation, or as the case may be. In addition, the Committee reviews the performance evaluation system of the Board of Directors and the Sub - committees, as well as the succession plan for the position of president.

The Governance and Nomination Committee of the Company comprises the following six members:

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| 1. Mr. Sumet Tantivejkul | Chairman |
| 2. Air Chief Marshal Satitpong Sukvimol | Member* |
| 3. Police Colonel Thumnithi Wanichthanom | Member* |
| 4. Mr. Pricha Attavipach | Member |
| 5. Mr. Tarrin Nimmanahaeminda | Member |
| 6. Mrs. Tarisa Watanagase | Member* |

Remarks: * Assumed the member of the Governance and Nomination Committee on April 25, 2018

Term of Office of the Governance and Nomination Committee

The Governance and Nomination Committee is subject to a three-year term. The Directors shall retire from office by rotation at the Annual General Meeting of Shareholders. However, a retiring director is eligible for re-election.

Scope of Authority of the Governance and Nomination Committee

The Governance and Nomination Committee is authorized to fulfill the following duties:

1. Define the scope and policy of SCG Corporate Governance and propose to the Board of Directors for consideration on a regular basis.
2. Make recommendations on the practice of SCG's corporate governance and give advice on corporate governance to the Board of Directors.
3. Oversee and monitor the performance of the Company's Board of Directors and the management to ensure their compliance with SCG's corporate governance policy.
4. Review the practice of corporate governance within SCG to ensure it is appropriate for the Company's business operations and consistent with international best practices and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.
5. Oversee the presence of appropriate and sufficient anti-corruption policy for business operations.
6. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.
7. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.

8. Recommend methods for performance assessment of the Board of Directors, Sub-committees, and Chairmen on an annual basis as well as follow up and report the assessment results to the Board of Directors, allowing them to enhance their performance of duties and improve the directors' competency.
9. Report regularly on progress and performance results to the Board of Directors after every meeting of the Governance and Nomination Committee.
10. Specify qualifications of any person to be nominated for directorship to align with SCG's business strategies and lay down the director nomination process to replace the retiring director, considering diverse candidates with skills, experience, gender and expertise useful for the Company.
11. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be, with the diversity of the structure of the Board taken into account, and submit a list of nominees to the Board of Directors and/or Shareholders' Meeting for resolution.
12. Recommend a plan for succession of the Company's President & CEO and the top executives to the Board of Directors for consideration.
13. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the Sub-committees. Should there be an alteration to the Charter of the Board of Directors and the committees, the recommendations in keeping it up-to-date. Governance and Nomination Committee shall review and make appropriate.
14. Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as self-assessment.
15. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Governance and Nomination Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

3. The Remuneration Committee

The Remuneration Committee comprises three of the Company's directors, none of whom are executives. In addition, two members of the Committee are independent directors and the Chairman of the Remuneration Committee is an independent director. The Committee is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors and SCG top executives to suggest remuneration policies that can motivate these executives to lead the Company toward success as well as to retain smart and ethical employees within the organization.

The Remuneration Committee of the Company comprises the following three members:

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| 1. Mr. Chumpol NaLamlieng | Chairman |
| 2. Mr. Pramon Sutivong | Member |
| 3. Mr. Prasarn Trairatvorakul | Member |

Term of Office of the Remuneration Committee

The Remuneration Committee is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Remuneration Committee

The Remuneration Committee is authorized to fulfill the following duties:

1. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the Sub-committees appointed by the Board of Directors, including bonus and attendance fee.
2. Recommend the policy on SCG management remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each top executive. Whenever it deems appropriate, the Committee shall consider the hiring of consulting firms to advise on project implementation.
3. Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing the Board of Directors for approval.
4. Assess the performance of each SCG top executive on an annual basis, based on the recommendation of the President & CEO, in order to determine his/her remuneration before proposing this to the Board of Directors for approval.
5. Consider the annual budget for the salary increase, changes of wage and compensation, and bonus of top executives before proposing to the Board of Directors.
6. Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and SCG top executives in order to propose for the approval of the Board of Directors.
7. Consider the remuneration of the Board of Directors and SCG top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.
8. Report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.
9. Assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement.
10. Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up to-date.
11. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

4. The CSR Committee for Sustainable Development

The CSR Committee for Sustainable Development comprises eight members, of whom five are the Company's top executives and three are qualified experts. The Committee is responsible for establishing policies and guidelines on CSR activities for sustainable development, proposing the setting of annual CSR budget as well as monitoring the Committee's performance and reporting to the Board of Directors.

The CSR Committee for Sustainable Development comprises the following eight members:

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|-------------------------------|-----------|
| 1. Mr. Kasem Watanachai | Chairman* |
| 2. Mr. Sumet Tantivejkul | Member |
| 3. Mr. Kan Trakulhoon | Member |
| 4. Mr. Prasarn Trairatvorakul | Member |
| 5. Mr. Roongrote Rangsiyopash | Member |
| 6. Mr. Kajohndet Sangsuban | Member |
| 7. Mr. Cholanat Yanaranop | Member |
| 8. Mr. Yuttana Jiamtragan | Member |

Remark: * Assumed the Chairmanship of the CSR Committee for Sustainable Development on April 25, 2018

9.3 Nomination and Appointment of Directors and Top Executives

Independent Directors

The Company mandates that at least half of the total number of directors be independent directors. Currently, the Board of Directors consists of six independent directors as follows: Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramon Suthiwong and Mrs. Tarisa Watanagase.

Qualifications of Independent Directors of SCC (more stringent than the requirements of the Office of Securities and Exchange Commission)

SCC's qualifications for independent directors are as follows:

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, of an executive, major shareholder, controlling

person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.

4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

The term “business relationship” in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which

undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

9. Shall be able to attend meetings of the Board of Directors and make independent judgment.
10. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.
11. Shall be able to look after the interests of all shareholders equally.
12. Shall be able to prevent conflicts of interest.
13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud or corruption.
14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

In 2018, all the six Independent Directors neither had involvement in any business nor provided any professional service whose value exceeded the specification in the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares.

Nomination and Appointment of Directors and Top Executives

Nomination of Board Members Guideline

The Governance and Nomination Committee is responsible for compiling a Succession Pool for directorship and independent directorship consisting of qualified candidates and for reviewing candidates proposed by shareholders and the Company's directors as well as IOD Chartered Directors to ensure that they are knowledgeable and have expertise as required by the Company's Board Skill Matrix, which is reviewed annually to maintain its correspondence with SCG's business strategies and directions.

In 2018, on the suggestion of the Governance and Nomination Committee, the Board of Directors formulated the Policy on Director Qualifications and Nomination, based on the Corporate Governance Code for Listed Companies of SEC and the corporate governance criteria in the DJSI Sustainability Assessment-DJSI. The policy also takes into account the diversity in the Board's composition; the qualification, knowledge, and expertise of the directors required by the Board Skill Matrix and in line with SCG's business strategies; and the resolution of the 2018 Annual General Meeting of Shareholders to amend the Company's Articles of Association, taking out the clause dictating that a non-shareholding director must be a Thai national. Published on the Company's website, the policy consists of three main components as follows.

1. Principle

In accordance with SCG Corporate Governance Principle, director nomination and selection is of paramount importance as the Board of Directors plays a critical role in formulating strategies and business directions for the sustainable growth of SCG. As such, the Board of Directors has deemed it appropriate to establish a Policy on Director Qualifications and Nomination.

2. Policy on Director Qualifications and Nomination

The Board of Directors should be composed of Directors who have all qualifications prescribed by the law and should consist of a diverse range of skills, experiences, knowledge, and expertise beneficial to the Company, without any discrimination on the grounds of gender, age, ethnicity, and nationality, so as to enable the Company to achieve its objectives and business goals and promote a management system guided by SCG Corporate Governance Principle in order to bring about fairness and transparency as well as the ability to generate returns and added values in the long term to shareholders and inspire trust in all stakeholders, all of which will lead SCG towards sustainable growth.

3. Director Nomination

The Board of Directors has entrusted the Governance and Nomination Committee with the task of nominating qualified candidates for directorship to replace Directors retiring by rotation or under other circumstances to the Board of Directors and/or the meeting of shareholders for appointment. The Governance and Nomination Committee selects candidates from a pool of qualified individuals with expertise from various disciplines who possess leadership, a breath of vision, integrity and ethics, clear and unblemished career records, as well as the ability to express opinion independently. Director nomination should take into account the following factors.

3.1 Required qualifications of individual directors

The Governance and Nomination Committee should consider and prescribe a set of qualifications of individual candidates for directorship, such as:

- Integrity and accountability
- Ability to make informed judgments
- Maturity, firmness, and the ability to listen well and express independent opinion
- Commitment to principles and professionalism
- Other qualifications as the Governance and Nomination Committee deems vital

3.2 Required knowledge and expertise of the Board of Directors

The Governance and Nomination Committee should prescribe a set of knowledge and expertise requirements for the Board of Directors and formulate a Board Skill Matrix to help inform the selection and nomination of qualified candidates. These requirements should encompass knowledge and areas of expertise that will enhance the ability of the Board of Directors to formulate strategies and policies as well as ensure their effective implementation, such as:

- Accounting and finance
- Organization and human resources management
- Risk management

- Crisis management
- Industry knowledge
- International marketing
- Strategic planning
- Knowledge and specializations in areas that the Governance and Nomination Committee believes will become critical in the next 3-5 years, such as e-commerce, research and development, and merger and acquisition

3.3 Diversity of the Board of Directors

In addition to the two aforementioned factors, the Governance and Selection Committee may consider prescribing other qualification requirements relevant to the diversity of the Board of Directors, such as sex, age, ethnicity, and nationality

Rules and Procedures for the Election of Directors

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors who are retired by rotation. The nominees will then be listed for consideration for election during the Meeting. All shareholders have an equal right to propose other candidates. Authority to select directors rests with shareholders.

2. A shareholder shall have one vote for each share he holds or represents.

3. At the election of Directors, the shareholders shall vote for each individual candidate nominated for Directors, but not exceeding the number of Directors required for that election. The vote shall not be distributed.

4. The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. If the votes cast for the candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman of the Meeting shall cast the deciding vote.

Nomination and Succession Plan for Top Executive Positions at SCG

SCG has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of our top executives are professionals who perform their duties independently from the major shareholder and other shareholders. The succession plan for the President & CEO and top executives is carried out by the Governance and Nomination Committee and considered by the Board of Directors. SCG's nomination process commences with the process of recruiting candidates who possess both talent and integrity. Young talents are the focus of recruitment, so that they can be groomed to become leaders in the future. Qualified employees will undergo a high potential assessment and pursue development courses following individual career development plan. These talents will be assigned challenging tasks, and their positions will be rotated periodically in order to further develop their leadership skills and all-round knowledge in every area of SCG's business. The plan is implemented at every level of employment to ensure that staff members are ready to fill any positions that become vacant.

9.4 Oversight of Company's Subsidiaries and Associates

The Board of Directors has set forth the mechanisms for overseeing and monitoring the management and operations of Company's subsidiaries and associates. To that effect, the Board has empowered President & CEO and/or President of each business unit to perform such duties as selecting representatives to be Board members, executives, or controlling persons in those entities and reporting them to the Board.

The number of SCG's representatives in each subsidiary and associate is determined by the percentage of holding in that entity. However, to ensure proper oversight of SCG's investment, President & CEO and/or President of each business unit shall report on the operating results of the subsidiaries and associates to the Board of Directors at the Board Meeting on a quarterly basis. A report on the operating results shall be submitted to the Board in the month when there is no Board Meeting.

SCG has prepared an authority manual prescribing the scope of authority, duties, and responsibilities of persons representing SCG as board members or executives in the subsidiaries and associates. Constant revisions on such manual are made, consistent with changes in the subsidiaries and associates both in Thailand and overseas.

Mechanisms for overseeing disclosure of financial information and operating results; connected transactions between subsidiaries and/or associates and related parties; disposal or acquisition of assets; or complete and accurate material transactions are stated in the Articles of Association of the subsidiaries and associates. Such transactions shall be in compliance with the rules and procedures stipulated by the announcement of the Stock Exchange of Thailand.

In addition to the authority manual, the Audit Committee, in fulfilling the role as a supervisor, is responsible for assessing the effectiveness of the oversight, risk management, and the internal audit systems of the subsidiaries and associates with SCG's representatives in the management. The auditing is planned based on the risk of each company and includes the auditing and assessment of the company's internal control systems, efficiency, and effectiveness of operations, and financial statements. Furthermore, the Audit Committee has resolved for the subsidiaries and associates to implement as a preventative measure against errors a business self-audit system, which can be adjusted to suit the environment of each company, with emphasis on a holistic assessment, in order to create added values to the organizations. To this effect, the companies and the Audit Office jointly perform risk assessment, formulate the internal control system and risk warning signals, and produce risk-monitoring reports. In the presence of risk shifting, the internal control system must be modified to accommodate such a change. The assessment reports are then presented to the management, with a copy submitted to the Audit Office as supporting information for future audit plans according to the level of risk. In addition, external audits are to submit assessment reports on the internal control system to the Audit Committee every quarter.

In addition, as suggested by SCG Risk Management Committee, the Audit Committee has set forth compliance measures for innovation-related businesses to be applied to projects that require indicators, such as OKR (Objective & Key Result) and the Stage Gate. Under these measures, such projects are subject to quarterly review and report in accordance with the criteria submitted to the management for approval. The Corporate Risk Management unit will also be notified of such projects, so that they can be

exempted from the alert criteria imposed on businesses under regular circumstances prior to a review on relevant matters.

The key to effective and efficient operational management between the Company and other business partners is the agreement on mutual understanding concerning issues, such as separation of duty in management, the scope of authority, fair division of profit for all concerned parties. To that effect, SCG generated a Shareholders' Agreement which stipulates the Company to respect the rights of its business partners with all due fairness and cooperates fully with the partners to ensure successful operations of the joint ventures.

9.5 Internal Information Control

The Company has established measures to prevent misuse of internal information and incorporated them into SCG Code of Conduct and Regulations for Employees in writing. The Insider Trading Policy involving the use of information that could reasonably be expected to affect the value of the Company's share was also formulated with the approval of the Board of Directors. The policy includes a measure prohibiting the directors, top executives, employees, and those responsible for related functions, as well as their spouses, partners in a de facto relationships, or minor children, from trading in the securities (securities subject to disclosure include shares, convertibles, share warrants, futures, and derivatives underlain by the share of a listed company) of SCG or other companies related to insider information (blackout period) 30 days before the public disclosure of quarterly and annual financial statements and until 24 hours after the disclosure of the information. Other measures include reporting of any changes in shareholding of the Board of Directors and top executives as stipulated by Securities and Exchange Commission (SEC) and reporting to the Board of Directors' meeting on a regular basis.

Aside from the aforementioned measures, the Company has defined guidelines on managing internal information that could have any impact on the Company's share price. They prescribe how the internal information can be appropriately managed and handled to minimize the risks associated with the misuse of such information. The policy and guidelines regarding the use of internal information are disclosed under the topic 'Corporate Governance' under Section 'The Equitable Treatment of Shareholders of the Annual Report' and published on the SCG websites.

9.6 Audit Fees

For the fiscal year 2018, The Siam Cement Public Company Limited and its subsidiaries paid for audit fees amounting to 57.97 Million Baht to KPMG in Thailand and KPMG member firms in overseas, which the auditors worked for, and to persons or businesses related to the auditors and audit firm. This audit fee amount excluded the remuneration paid by associates.

In this regard, KPMG in Thailand and KPMG member firms in overseas and its auditors do not have any relationships or interests involving the company, management, or major shareholders, including their related persons.

Audit fees for the year 2018

1. Annual audit fee and the quarterly review fee for the Company's financial statement and consolidated financial statements totaling 5.99 Million Baht.

Audit Fees of the Company		
1. Annual audit fee for the Company's financial statement	276,000	Baht
2. Annual audit fee for the consolidated financial statements, and quarterly review fee for the financial statements of the company and the consolidated financial statements	5.72	Million Baht
Total audit fees of the Company	5.99	Million Baht

2. Annual audit fees for the financial statement of the Company's subsidiaries, and the quarterly review fees of listed subsidiaries audited by KPMG in Thailand and other countries, the fees of which are borne by each subsidiary as follows :

Audit fees of the subsidiaries		
1. Annual audit fee of the Company's subsidiaries in Thailand and quarterly review fees of listed subsidiaries		
- Number of subsidiaries	131	Companies
- Amount of fee	25.34	Million Baht
2. Annual audit fees of the subsidiaries outside Thailand		
- Number of subsidiaries	78	Companies
- Amount of fee	26.64	Million Baht
Total audit fees of subsidiaries	51.98	Million Baht

Non-audit fees

The Company paid for the assurance fee of Sustainability Development Report amounting to 1.80 Million Baht. The subsidiaries paid for auditing compliance with the conditions of the BOI Promotion Certificate amounting to 2.86 Million Baht and for tax consulting and other services amounting to 13.50 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

9.7 Reviewing the Implementation of SEC's Corporate Governance Code

As suggested by the Governance and Nomination Committee, the Board of Directors has been reviewing the implementation of the 2017 Corporate Governance Code (CG Code) issued by the Securities and Exchange Commission (SEC) regarding the roles and responsibilities of the governing board. The Board of Directors has deliberately reviewed the principles set forth in the CG Code and recognized the benefits and significance of adopting the CG Code, which focuses on integrating social and environmental issues into corporate governance with the goal of creating value for sustainable development. The CG Code consists of eight main principles as follows.

- Principle 1: Establish Clear Leadership Role and Responsibilities of the Board
- Principle 2: Define Objectives that promote Sustainable Value Creation
- Principle 3: Strengthen Board Effectiveness
- Principle 4: Ensure Effective CEO and People Management
- Principle 5: Nurture Innovation and Responsible Business

Principle 6: Strengthen Effective Risk Management and Internal Control

Principle 7: Ensure Disclosure and Financial Integrity

Principle 8: Ensure Engagement and Communication with Shareholders

For Principles that are not readily applicable to SCG's businesses, the Board of Directors has formulated replacement measures and recorded them as part of the Board's resolution to be reviewed on a yearly basis. Areas in which the company had yet to adopt these principles in full details are shown in 9.8.

9.8 Other corporate governance practices

The Company has consistently adopted and complied with the Principles of Good Corporate Governance for Listed Companies 2012, recommended by the Stock Exchange of Thailand. Furthermore, the Board of Directors has resolved to apply the Corporate Governance Code for Listed Companies 2017 (the CG Code) developed by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to SCG business operations where deemed appropriate. In 2018, the areas where the CG Code had yet to be adopted and were governed by comparable replacement measures were as follows:

1. The Chairman of the Board should be an Independent Director.
 - The current Chairman of the Board is an executive of the major shareholders. However, the Board of Directors has specified the duties of the Chairman so that emphasis is placed on the interests of the company, shareholders, and stakeholders. In addition, all Board members required to assess the performance of duties of the Chairman on a yearly basis.
2. The numbers of the consecutive terms a director can serve should be specified, such as no more than three consecutive terms. The number of consecutive terms an independent director can serve should be no more than nine consecutive years, starting from the first appointment. A director should be allowed to hold the office over the term limit only if deemed necessary and appropriate.
 - Currently, the Board of Directors reviews the terms of a member of the Board of Directors and Sub-committees based on each individual's qualifications, the resulting diversity, and needed areas of knowledge and expertise, in tandem with the use of the Board Skill Matrix as additional information.
 - At the 2018 Annual General Meeting of Shareholders, an independent director who held the office exceeding nine consecutive years and was due to retire by rotation was Mr. Arsa Sarasin, who expressed his wish not to be re-elected as director.

Currently, SCG has three independent directors with over nine consecutive years in office, namely Mr. Tarrin Nimmanahaeminda and (due to retire by rotation in 2019 and expressed his wish not to be re-elected as director at the 2019 Annual General Meeting of Shareholders), and Mr. Sumet Tantivejkul and Mr. Pricha Attavipach (both due to retire by rotation in 2020). It is expected that the number of directors holding office for over nine consecutive years will gradually decline and comply with the CG Code from 2021 onwards

3. All members of the Nomination Committee are independent members.

- Currently, the Governance and Nomination Committee comprises six members, four of whom are independent members, constituting more than half of the Committee, and the Chairman of the Governance and Nomination Committee is also an independent member. However, the Company always reviews the membership of each member of the sub-committees on a yearly basis, taking into account the qualifications and appropriateness as specified in the charters of the Sub-committees.

In addition to the practices implemented in compliance with The Principles of Good Corporate Governance for Listed Companies recommended by The Stock Exchange of Thailand, the company has in place other practices relating to good corporate governance as follows:

Raising Awareness of Corporate Governance, Risk, and Compliance (Integrated GRC)

SCG is a leading company group that has been in business for over 100 years. Founded in 1913 under a Royal Decree of His Majesty King Vajiravudh (King Rama VI) of Chakri Dynasty as one of Thailand's first companies, SCG has continued its operation to this day, in the reign of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun (King Rama X) of Chakri Dynasty, as a well-recognized model of good corporate governance for many other organizations:

SCG owes its current prosperity, success, and stability to its ethical business conduct and core values, which the Board of Directors, the Management, and employees at all levels have adopted in strict adherence, namely:

- ADHERENCE TO FAIRNESS
- DEDICATION TO EXCELLENCE
- BELIEF IN THE VALUE OF THE INDIVIDUAL
- CONCERN FOR SOCIAL RESPONSIBILITY

In 1987, the Board of Directors compiled a list of principles in a formal written document called the "Siam Cement Group Code of Ethics", currently known as SCG Code of Conduct, to serve as guidelines that were aligned with SCG's philosophies with the Company's directors serving as role models. It has been constantly updated to better correspond with the evolution of SCG and suit the shifting economic and social climate.

To further raise awareness of the SCG Code of Conduct among employees, the Company provides lessons on the SCG Code of Conduct to employees at every level and promotes adherence to the SCG Code of Conduct to cultivate the awareness from the first day of employment. The Company also distributes the SCG Code of Conduct Handbook to new employees to ensure strict adherence and foster an understanding of the SCG Code of Conduct, which constitutes a key factor in the annual employee evaluation. In 2018, the following activities related to the SCG Code of Conduct were carried out.

- SCG encouraged the Company's directors to serve as role models and provide useful tips to employees to set the tone at the top. In 2018, SCG achieved this through a video clip focusing on SCG and its anti-corruption efforts, featuring an interview with the Chairman of the Anti-corruption Organization of Thailand, who was also an independent director of SCG

(Mr. Pramon Sutivong). The video was created with the goal of raising awareness of honesty, transparency, and accountability in carrying out business operations among SCG employees, both in Thailand and in other countries where SCG held investments. The video also aimed at encouraging them to serve as anti-corruption role models for external organizations, be both “smart and ethical”, and prioritize the interest of the public over self-interest, for the sustainable prosperity of the Company and the nation. The Company also produced GRC Inspire Video Clips, in which the President & CEO inspired employees to apply GRC to their work with the motto “GRC: Practice Makes Perfect.”

- SCG encouraged the employees to express their opinions on ethical issues by organizing Janya on Tour, featuring the project’s mascot Mr. Janya, at a plant of the Chemicals Business in Rayong. The Company also improved the Web Portal (Intranet) for the SCG Code of Conduct to make it more user-friendly. In addition, the Company also installed standees with information on the SCG Code of Conduct in Bahasa Indonesia as well as promoted Integrated GRC through video clips of interviews with the Company’s top executives and infographics.

In addition, SCG also carried on a number of projects and practices from the previous year, such as the communication of the Code of Conduct to new employees attending the SCG Ready Together course, and created Dee Dee Club, a dedicated Facebook Fanpage that serves as a learning center of the SCG Code of Conduct, through which SCG employees can learn about new SCG Code of Conduct activities, express their opinions, and exchange their experience related to the SCG Code of Conduct.

Moreover, SCG has also exchanged its knowledge and experience regarding the SCG Code of Conduct as well as the development of SCG’s guidelines for corporate governance with interested companies and organizations both in the governmental and private section to support and promote awareness about ethical business conduct, fair treatment of stakeholders, and corporate social responsibility.

SCG also established the whistleblowing policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company’s Articles of Association, SCG Code of Conduct, and Anti-corruption Policy. In this regard, the Company has formed a working team responsible for devising policies and providing consultancy regarding compliance with SCG Code of Conduct. This team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about SCG Code of Conduct, which can be found on the SCG website under “SCG Code of Conduct” and “SCG Code of Conduct Consultation System”.

Anti-corruption Efforts

SCG recognizes the importance of fighting corruption and has formulated the Anti-corruption Policy, approved the Board of Directors and the Governance and Nomination Committee. Integrated into the corporate culture, this policy serves as guidelines for business operations and corresponds with one of SCG’s 4 Core Values, “Adherence to Fairness,” which refers to “integrity, transparency, accountability, and

equitable treatment to all concerned parties in a respectful, sincere, friendly, and fair manner.” (SCG Anti-corruption Policy is available for download at www.scg.com)

The commitment has earned in The Siam Cement Public Company Limited the status of a certified company by Thailand's Private Sector Collective Action against Corruption (CAC). It was first certified on July 5, 2013 and passed recertification in 2016. Furthermore, SCG's subsidiaries that are listed companies have also received the status of certified companies (except SCG Ceramics Public Company Limited, which successfully underwent a merger on August 1, 2018 and is currently being certified.)

In accordance with the notification of the National Anti-Corruption Commission (NACC) in 2017 Re: Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials, Foreign Public Officials and Agents of Public International Organizations" under section 123/5 of the Organic Act on Counter Corruption B.E. 2542, SCG has raised awareness among its employees of actions that might lead to corruption risks. It has also regularly conducted risk indicators analyses and assessments of corruption risks, considered one of compliance risks. The Board of Directors has also approved the compliance with the notification of NACC, which has been approved by the Audit Committee and the President & CEO. SCG has also communicated with its employees through "Message from CEO" to set the "Tone at the Top".

SCG has created a proactive preventive system and prescribed risk mitigation and control measures, responsible persons, monitoring measures, as well as methods for reviewing and evaluating risk management, which serve as corruption prevention guidelines for SCG employees. In addition, the Audit Office is responsible for overseeing the assessment and monitoring of good governance practices and compliance with the SCG Code of Conduct and Anti-corruption Policy in every audit period.

In 2018, to foster awareness and understanding among the Directors, Executives, and employees and bring about actual implementation of the Company's Anti-corruption Policy in accordance with Section 123/5 of the Organic Act on Counter Corruption B.E. 2542 announced by NACC, SCG carried out the following activities:

1. Video clip on SCG and its anti-corruption efforts featuring the Chairman of the Anti-corruption Organization of Thailand.
2. Awareness promotion activities were continuously organized to educate employees and develop proactive and preventive anti-corruption systems.
 - 1) SCG created "Ethics e-testing," divided into three levels according to the roles and responsibilities of the employees' levels. The e-testing tests employees on their knowledge of ethics, SCG's 4 Core Values, Code of Conduct, and Anti-corruption Policy. The contents of the test have been designed to encourage employees to learn and understand the adoption of the policy. The content on SCG Anti-corruption Policy has been revised to be in line with the notification of the National Anti-Corruption Commission (NACC) in 2017 on Section 123/5 of the Organic Act on Counter Corruption B.E. 2542. All Thai employees are required to pass the test at 100%. In addition, the answers given were also analyzed, so that common misunderstandings among employees can be rectified.

- 2) SCG cultivated a responsibility and accountability awareness regarding risk management and control in accordance with the Three Lines of Defense.
- 3) SCG communicated important corruption cases to employees to illustrate responsibility and accountability in accordance with the Three Lines of Defense.
3. A compliance management system for controlling and monitoring anti-corruption operations was introduced to define clear roles and responsibilities, including law and rule compilation, risk assessment, control, monitoring, inspection, and reporting, for both internal and external reports.
4. An “Anti-corruption Compliance Assessment Form” was created for units involving high risks such as project procurement, project sales, and government affairs units. The assessment form defined indicators/signs of corruption risks as well as provided methods for risk mitigation and control both for system and employee operations so as to enable operators and supervisors of the unit to analyse risks involved by themselves, apply control methods correctly, and use self-assessment results to improve subsequent operation plans to enhance efficiency. In addition, appropriate internal control and penalties specified in the notification of the National Anti-Corruption Commission (NACC) in 2017 on Section 123/5 of the Organic Act on Counter Corruption B.E. 2542 were also communicated to employees.

Activities Constantly Carried out by SCG

1. Distribution and communication of SCG Code of Conduct and Anti-corruption Policy to all employees for acknowledgment and adoption via a series of VDO clips: “Good life with SCG Code of Conduct,” “Janya on Tour,” and “Anti-corruption.”
2. Executives meeting with employees to give details about the Company’s business operations including the Anti-corruption Policy and providing them with opportunities to make any inquiries for a better understanding.
3. Training employees on compliance with Corporate Governance and the Anti-corruption Policy through various courses/channels to reaffirm SCG’s corporate culture. These are as follows:
 - New Employee Orientation Course
 - SCG Ready Together United Course
 - Business Concept Development Course
 - Leading Yourself Course
 - Facilitative Leadership Course
 - Good Corporate Governance Course for supervisors and management employees (in each business unit)
4. IA Letter delivered to the email of every employee.
5. SCG Code of Conduct Consultation System and Anti-corruption Policy banners on the SCG Intranet.
6. SCG demonstrates its intent to promote and extend its anti-corruption concepts to its suppliers, so that, with the synergy of SCG and its suppliers, the ethical practices and the corporate governance for communities, society, and the environment can reach society at

large. To that effect, SCG has compiled the “SCG Supplier Code of Conduct” as guidelines for SCG suppliers since 2013. It emphasizes SCG’s relentless commitment to social responsibility encompassing five areas: 1) Ethical Business Practices, 2) Labor Protection and Human Rights, 3) Occupational Health and Safety, 4) The Environment, and 5) Laws and Regulations. In 2018, the number of participating suppliers has increased steadily, giving SCG added confidence to continue to develop more good citizens for society.

Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with the Laws, Rules, and Regulations, the Company’s Articles of Association, SCG Code of Conduct, and Anti-corruption Policy (Whistleblowing Policy)

SCG has given priority to good corporate governance and provided opportunities for employees and stakeholders to report or inform irregularities in any area related to SCG’s business operations, such as corporate governance, ethical practices, corruption, financial transactions, Code of Conduct, and compliance with legal requirements, regulations, or Anti-corruption Policy, through the specific channels provided. This is to ensure that the investigation of complaints is conducted according to the process specified in the “SCG Whistleblowing Policy Guidelines” and reported to the Audit Committee and the Board of Directors. In addition, information on the procedures and the channels through which complaints can be lodged is clearly published on the Company’s website.

To ensure that such reporting or provision of information will not cause trouble to the complainant or informant, SCG has established a mechanism for protecting and relieving the distress that might occur to the informant from unjust treatment, such as abuse and threats. The Audit Office, which is responsible for the security of the Whistleblowing System, has designated a separate server to ensure independence from other usage.

SCG has provided channels for complains as follows:

- As for internal channels for employees, complainants can choose either to specify their names or remain anonymous.
 1. The banner on the first page of SCG Intranet website, which is accessible to every employee. Informants can direct their complaints to any of the following:
 - Trusted supervisors
 - The Director of the Corporate Human Resources Division
 - The Internal Audit Director
 - The Secretary to the Board of Directors
 - A Company Director
 2. Submission of a formal document to any of the aforementioned persons.
 3. Email submission to an independent director at ind_dir@scg.com.
- As for external parties, complaints can be lodged on www.scg.com under the “SCG Whistleblowing System.” Informants are required to identify their names and can direct their complaints to any of the following:

- The Corporate Secretary Office
- The Internal Audit Office
- An Independent Director
- Any member of the Audit Committee

Complaints can also be lodged in the form of a formal document submitted to any of the aforementioned parties.

Informants can keep track of their complaints through a system, which is a vital mechanism in the control and prevention of corruption.

In 2018, a total of 21 complaints involving non-compliance with laws, the Company's regulations, anti-corruption policy, corporate governance policy, SCG 4 Core Values, Employee Code of Conduct, or Supplier Code of Conduct were filed through SCG Whistleblowing System for external parties and employees, as detailed below.

1. Total number of investigated cases 28 cases (including 11 pending cases from 2017)
2. Types of investigated cases
 - Non-compliance related to anti-corruption/trade competition policies 0 case
 - Violation of the Code of Conduct related to conflicts of interest 3 cases
 - Non-compliance 13 cases
3. Damages and disciplinary actions
 - Total damages 0.89 Million Baht
 - Disciplinary actions
 - Employment termination (discharge/dismissal) 3 employees
 - Others 14 employees
4. At SCG, assessments of risks of corruption and non-compliance of laws, rules, and SCG Code of Conduct are regularly performed by first-line operators, with every relevant party reviewing the complaints to specify control points in order to improve the efficiency. The Audit Office is responsible for evaluating the efficiency of risk assessment and internal control and reporting its findings to the Audit Committee on a regular basis. In addition, the Company also consistently cultivates an anti-corruption corporate culture and raises awareness among its employees, with the top executives serving as role models.

10. Corporate Social Responsibility

Details of SCG's social responsibility activities are available in the annual Sustainability Report, which has been published each year at www.scg.com

11. Internal Control and Risk Management

Internal control and Internal Audit

1. Internal control

SCG's vision is to be a regional market leader, contributing to the sustainable progress of ASEAN and the local communities where we operate. Through SCG world class business practices, corporate governance principles and uncompromising safety standards, we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technological development and innovation will enable us to provide quality products and services in order to enhance the quality of life for all. Top SCG executives believe that to become the leading organization, SCG must have efficient and effective corporate governance, risk management, compliance and internal control systems that comply with international standards for operation and information technology. SCG has the Audit Committee whose responsibility includes the determination of SCG corporate governance policy, risk management, compliance, internal control and internal audit according to the following international standards:

- Governance	Reference organizations: Organization for Economic Co-operation and Development (OECD) / Stock Exchange of Thailand (SET) / Thai Institute of Directors Association (IOD)
- Risk Management	Reference standards: COSO Enterprise Risk Management / ISO 31000
- Compliance	Reference to relevant laws and regulations / policies and procedures: ISO 19600
- Internal Control	Reference standards: COSO Internal Control Framework 2013 / COBIT5

The Board of Directors, the Audit Committee and the Management have formulated an SCG internal control system to comply with the COSO Internal Control Framework 2013 (The Committee of Sponsoring Organization of Tradeway Commission). The Internal Audit Office assessed the adequacy of the SCG Internal Control system according to the Securities and Exchange Commission's assessment form (SEC) and submitted the results to SCG's top executives and the Audit Committee for consideration and approval prior to reporting to the SCG Board of Directors in the 226th Board of Directors meeting on November 28, 2018. The meeting was attended by 6 independent directors, 4 of them are members of the Audit Committee.

Board of Directors considered all items in the assessment form and acquired further information from the Audit Committee, the Management and Internal Audit Director. As regards this consideration, SCG has an adequate and effective internal control system for SCG operations in compliance with laws, regulations, policies and procedures; the safeguarding of assets, and efficiency of resources utilization. There was no material deficiency found in the internal control system.

SCG has embed corporate governance, risk management, compliance and internal control (GRC) awareness to the Management, supervisors and employees. Following consideration from the Board of

Directors, SCG has a sufficient number of personnel for GRC implementation, adequate internal control systems for the monitoring of SCG subsidiaries' operations, the safeguarding of SCG and subsidiaries' assets against the misuse or unauthorized acts and against transactions that might result in a conflict of interests or connected transactions.

Through delegation from the Board of Directors, SCG's top executives have developed various tools in response to constantly changing risks over time, to ensure proactive preventive systems for domestic and international businesses. In 2018, these executives approved as follow relevant governance/internal control principles or tools:

1.1. Proactive and Preventive System

SCG has expanded its businesses both domestic and overseas. The significant factor enabling SCG to achieve its goals and be sustainable is its "employees", who stand for integrity and ethical practice in promoting moral ethics in the workplace. SCG has set the "Proactive and Preventive System", which composed of:

- 1.1.1 Ethics e-testing: for instilling morals, ethics, SCG Code of Conduct and Anti-corruption Policy awareness among employees in practice and for appropriate application, as reflected by the success of results. In 2018, for the 4 consecutive years, the test was reviewed to align with the announcement of the National Anti-Corruption Commission (NACC) on the bribery of government officers as well as Compliance Policy, Anti-trust Policy, Insider Trading Policy, which affects the Company's stock prices, and Disclosure Policy announced in 2017. SCG e-Policy e-Testing has also carried at for the 2 consecutive years that every SCG employee achieving a 100% pass score. Additionally, test results are further analyzed frequently wrong answered question. Then communicate to employees for their better understanding.
- 1.1.2 Risk Management and Internal Control Responsibilities through the "Three Lines of Defense" model which has been widely and internationally accepted: the model has been promoted and emphasized to employees and supervisors (First Line), business-enabling & supporting functions (Second Line) and the Internal Audit Office (Third Line), in order to continuously apply this model to business operations, starting from risk assessment, identification of control activity, monitoring and evaluation processes. The first line's staffs are considered the most important in making this model succeed and be efficient. SCG strengthens this awareness by using various communication methods such as First line the top/key person of the Company/function communicates this issue to employees, subordinates or setting workshops for practical use in operation (Execution).
- 1.1.3 Sharing case studies in areas of fraud and non-compliance with laws and regulations, policies procedures and Code of Conduct for raising employee's awareness and prevention of repeated cases.

1.2 Integrated Governance, Risk Management, Compliance and Internal Control (Integrated GRC)

SCG has implemented governance, risk management, compliance and internal control practices to meet international standards as “Integrated GRC”, which will improve efficiency and effectiveness, as well as reduce duplication of work by starting from governance, strategic determination, and risk management to the monitoring process. Top management will communicate to all employees the importance of adopting Integrated GRC in their performance of duties to enable them to achieve sustainable business success.

1.3 Compliance

SCG has established Compliance Policy & Guidelines to be used as operating reference. Compliance Management System (CMS) was developed as an important mechanism for efficient and effective monitoring. The system ensures that employees (First Line) have operating processes that reduce compliance risk. Meanwhile, a Corporate Compliance Unit supports the implementation of the system by creating knowledge, understanding and awareness for employees as well as providing consultancy and monitoring to management and reducing compliance risk on a constant basis. In 2018, SCG prepared guidelines and checklist on complying with SCG's important policies including Anti-trust Policy, Insider Trading Policy, and Disclosure Policy.

1.4 Anti-corruption

SCG designed the Anti-corruption Management System in accordance with ISO19600, a systematic guideline for the high – risk company/business function (First Line) to use as a reference. Business-enabling & supporting functions (Second Line) is a consultant to give advice and recommendations. The Internal Audit Office (Third Line) is responsible for assessing the efficiency and effectiveness of the policy's compliance to provide assurance to the Management, the Audit Committee and the Board of Directors. The President & CEO communicated to the Management, supervisors and employees to comply with the section 123/5 of The Organic Act on Counter Corruption. The management has to assess the risks, determine the practical control, support and communicate to employees to comply with Anti-corruption Policy. In 2018, Chairman of the Anti-Corruption Organization of Thailand (ACT) Communicated via a video clip about SCG and its anti-corruption efforts to enhance employees' awareness about the importance of anti-corruption. The Internal Audit Office organized a workshop on Anti-Corruption Compliance Checklist for units with high risk to assess risks and set up guidelines and control to prevent corruption risk.

1.5 Business Self Audit

The Audit Committee who govern and review the effectiveness of internal control system has agreed to setting up the Business Self Audit to establish the dynamic risk prevention to comply with the COSO Internal Control Framework 2013 (COSO 2013) in areas of individual and business function roles and responsibilities through the "Three Lines of Defense" model. The Internal Audit Office together with business-enabling & supporting functions and the Business Self Audit team (Second Line) have reconsidered the current operational practice and acted as the consultant for employees (First Line) on risk assessment, the adequacy and effectiveness of the internal control system,



SCG

including the sharing of best practice / success cases, so as to strengthen operational efficiency, reduce redundancies and build up a proactive preventive system for employees to promptly respond to fast-changing risk in the current environment.

1.6 Information Technology Governance and Security Assessment: Information and Network System

- 1.6.1 SCG set up the SCG IT Governance Committee responsible for establishing policy and regulations regarding the use of IT and communication technology of SCG (SCG e-Policy) to ensure that all SCG employees are consistent in their practice. In 2018, the SCG Personal Data Protection Steering Committee was set up. It is responsible for establishing policy, practice, and personal data management system of SCG to ascertain that the Company's personal data protection is secure and in alignment with international standards as well as laws, both domestically and overseas.
- 1.6.2 Designed and modified network architecture in the areas of data storage and operating systems, categorizing them into different zones (Sensitive, Non-sensitive, Legacy) according to the class and significance of the data to ensure greater network security and minimize risks of cyber attack.
- 1.6.3 Set up a Cybersecurity Governance Committee dedicated to overseeing IT security of SCG in accordance with the Company's business management approach, ensuring efficient cybersecurity. In 2018 to control access by insecure computers to SCG's computer network, SCG installed Network Access Control to check security of the computer before connecting to the network.

1.7 Development and Promoting of Continuous Monitoring & a Continuous Auditing System for Business Units

SCG has implemented various systems which help to promptly track warning signals. The Internal Audit Office has established a Continuous Monitoring & Continuous Auditing system to generate warning signal reports for business units/functions within SCG to use as a tool for analyzing, tracking irregularities and setting control activities which has been developed and improved efficiency via data analytics and graph presentation. Users can analyze easily, quickly and efficiently.

1.8 SCG Whistleblowing System

SCG continuously develops its SCG Whistleblowing System for employees and other stakeholders as a channel to report non-compliance with Corporate Governance, Code of Conduct, rules, regulations, laws and Anti-corruption Policy, including fraudulent acts. SCG employees can report via SCG Intranet while other stakeholders report via www.scg.com or submit written documents by e-mail/letter. SCG clearly sets the process for handling the complaint, starting from gathering all the facts as confidential information, officially appointing a fact finding working team, officially appointing an investigation committee, punishment approval consideration and reporting of the complaint's result. Complainants may follow up on their complaints via the system. The whistleblowing system helps promote ethical business conduct on a sustainable basis. The system's security is closely monitored and maintained by the Internal Audit Office through the use of two-step password

verification and a separate server from other operations. These measures help to ensure data security and prevent data leakage to other individuals.

2 Internal Audit

The Audit Committee oversees the operation of Internal Audit Office that provides independence, impartiality, ethics and expertise in line with the International Standards for Professional Internal Audit Practice (The Institute of Internal Auditors: IIA) and International Information Technology System Auditing Standard (Information Systems Audit and Control Association: ISACA and Global Technology Audit Guide: GTAG). The Audit Committee Charter and the Internal Audit Office Charter clearly state the missions, scope of work, authority, duties, and responsibilities, as well as auditing guidelines which are reviewed annually for any updates.

The Internal Audit Office not only performs auditing by consideration of the risk-based audit plan, but also emphasizes proactive and preventive systems to enhance the efficiency and effectiveness of SCG's internal audit, elevating provision of assurance, advice and business insight. The key operations in 2018 are summarized as follows:

2.1 Creating Sustainable High Value Services

To promote comprehensive corporate governance, risk management, compliance and internal control (GRC), the Internal Audit Office performs the following:

2.1.1 Establishing the Internal Audit Digitalization function to accommodate digital transformation along with providing support for the business units and implementing digital-enabled technology in internal audit.

2.1.2 Encourage the Three Lines of Defense Model

Creating awareness, encouraging risk management and internal control responsibilities through the "Three Lines of Defense" model by communicating and conducting a workshop for the Management, supervisors and employees to understand their roles, prepare the communication presentation and script to the responsible functions, as well as work in collaboration with business-enabling & supporting functions (Second Line) e.g. Risk Management function, Compliance function and Business Self Audit team for integrated work and exchange of internal control perspectives to continually add value to SCG.

2.1.3 Assessment of Internal Control Effectiveness according to COSO 2013

The assessment of SCG internal control efficiency and effectiveness is in agreement with COSO 2013 to achieve 3 objectives: operations, reporting and compliance. This also corresponds to the Adequacy of Internal Control Assessment form raised by the Securities and Exchange Commission (SEC). The assessment's result is submitted to the Audit Committee and the Board of Directors for consideration prior to disclosure in the Annual Report and Annual Registration Statement (Form 56-1).

2.1.4 Risk and Internal Control Assessment for New Business Operational System

The Internal Audit Office is responsible for verification, assessment and giving recommendations to employees and supervisors (First Line) and business-enabling & supporting functions (Second

Line). These are for providing assurance to the Board of Directors and the Audit Committee that SCG has effective and efficient risk management, compliance and internal control systems. In addition, the Internal Audit Office performs risk and internal control assessment in the areas of new operational systems for SCG and subsidiaries. Once the improvement point was raised, the auditor will clarify, conduct a workshop, provide practical recommendations and monitor the performance results after the consultation. In 2018, the Internal Audit Office provided consultation on the implementation of blockchain robotic process automation to minimize risk associated with digital transformation together with formulating approaches on reducing operational risks such as procurement through e-commerce and payment via a corporate credit card.

2.1.5 Setting up Overseas Internal Audit Teams

Currently, SCG has continuously expand investments in foreign countries, according to SCG vision to be a regional business leader. To ensure the efficiency and consistency with SCG policy for overseas operations, the Audit Committee resolved to set up overseas internal audit teams in order to evaluate the effectiveness and efficiency of corporate governance, risk management, compliance and internal control also decrease culture risk language and compliance under the governance of internal audit office in Thailand. At present, the Internal Audit Office has Vietnamese and Indonesian auditors. To, develop foreign auditors through on-the-job training (OJT), the auditors are tasked with performing an internal audit of other oversea subsidiaries in the same business unit to broaden their views and experience which can be applied to the auditing work in their countries. Moreover, they have opportunities to develop their skills in advisory role by giving talks in the local language.

2.1.6 Information Technology Audit

- According to the Medium Term Plan 2017-2019, SCG has focused on Digital Transformation to create new innovation for adding values to company. SCG continuously expanded the businesses both domestically and overseas with a changing operating system specifically for each business unit and increasing of Cybersecurity trend. SCG has developed new core IT systems. In this regard, representatives from the Internal Audit Office were appointed as consultants to advise on the appropriate control points and testing of the control system. After the system is completed, IT auditors will carry out the testing once again to reduce IT risk. In addition to conducting workshops on Security Awareness “Cyber Aware Talks” and IT Security for the responsible persons of each business units, the Internal Audit Office carried out the following:
- Prepared/revised internal control documents to accommodate changing working processes from technology adoption.
- Established information technology authorization
- Provided training to IT staff and work system development vendors on secure coding and penetration testing

2.1.7 Anti-corruption

SCG constantly emphasizes the conducting of business with transparency and fairness. In 2012, SCG was a signatory company of Thailand's Private Sector Collective Action Coalition Against Corruption's (CAC) Declaration of Intent and was a certified company on July 5, 2013. In 2016, SCG and its listed subsidiaries passed the 2nd recertification, (except for SCG ceramics Public Company Limited which is in the process of passing certification since the merger was completed on August 1, 2018). SCG continually remains committed to anti-corruption policy. In 2017, Internal Audit Office cooperates with company/business function with high risk areas to conduct sharing Anti-Corruption Risk Assessment, Control knowledge & workshop and also communicate the section 123/5 of The Organic Act on Counter Corruption to employees.

2.2 Evaluation of the Internal Audit Office's Performance

- 2.2.1 The Internal Audit Office set the criteria for evaluating the auditee's satisfaction to provide a clear performance measurement and to ensure the internal audit's effectiveness, in accordance with the internal audit policy and plan. The Key Performance Indicators (KPIs) for assurance service were set at not less than 85% for each audit project whereby the 2018 performance results exceed the KPI's target. The result is presented to the Audit Committee each year and kept as supporting information for further improvement.

2.3 Development of Auditors' Competencies

To promote professional and business competence for internal auditors, the Internal Audit Office performs the following:

2.3.1 Development of Internal Audit Global Knowledge

- Keep track of best practices in corporate governance, risk management, compliance and internal controls among leading audit professional institutes both local and international, and applied appropriate practices in line with SCG business operations.
- Encourage the development and continuous conduct of both internal and external training for internal auditors to be well equipped with knowledge, competence and expertise in internal auditing, as well as other skills needed by SCG.
- Promote and support internal auditors to become certified as professional internal auditors or attain other related professional certification. In 2018, the Internal Audit office achieved its goal in supporting internal auditors to become certified as professional internal auditors.

2.3.2 Development of Business Knowledge

- Enhance business acumen/business knowledge among internal auditors by inviting experts from each business unit and experts from external parties to share and discuss current business trends and major business changes for auditors to better assess risks and to provide practical advisory services.

- Recruit competent persons from other business units to serve as internal auditors according to the recruitment policy. On the other hand, the internal auditors are rotated to business units to gain broader experience.
- Organize knowledge – sharing sessions on interesting issues or significant findings in audit work on a regular basis.

2.3.3 Information Technology Knowledge

- Apply IT knowledge to support the auditing process, for the faster analysis and detection of warning signals/red flags as well as to mitigate risks from operational errors and business fraud.
- Support internal auditors to develop IT audit skills for enabling them in effective auditing and recommendations according to the IT Audit International Standard. For example, it encouraged personnel to obtain the Certified Information System Auditor (CISA).
- Create IT awareness of internal auditors on an on-going basis to ready them for digital transformation.

2.3.4 Enhancement of Integrated Audit Project

The Internal Audit Office continuously encourages the integrated auditing project by setting up a team, comprised of both function and IT internal auditors; collaboratively performing an audit project in order to make suggestions for operational improvement and monitor irregularities through the use of IT tools for the enhancement of audit efficiency.

2.3.5 Development of Soft Side Skills

To conduct the soft side seminar and workshop for internal auditors to develop ideas, change mindset, create inspiration, and reinforce new beliefs, so as to bring out the best of their potential/capabilities and devise a plan for improvement, to bring about greater success in their work and their lives.

The Audit Committee's Report

The Audit Committee independently performed its duties, in accordance with the Audit Committee Charter which has been reviewed in conformance with current business situation and approved by the Board of Directors in annual basis. In 2018, the Audit Committee emphasized the role of Strategic and Monitoring Audit Committee to review governance, strategic identification, business operation and monitoring in order to achieve the Company's goals and business sustainability. By performing this, the Management and all employees must have ethics, integrity and Code of Conduct, as well as understand their roles, responsibilities, authority and accountability according to Three Lines of Defense model, together with working under the umbrella of Integrated Governance, Risk Management, Compliance and Control (Integrated GRC).

In 2018, the Committee held six meetings with 100% attendance by the members. The performance assessment of the Audit Committee as a whole and self-assessment are conducted each year. The assessment result was on very satisfaction level which was similar to previous year result. Assessment issues included the Audit Committee's availability, performance under scope of the Audit Committee's authority, the Audit Committee's meeting, overall opinions, performance of the Audit Committee's secretary and performance of the Internal Audit Office. In 2018, the Committee performed its duties as follows:

1. Review of Financial Statements: The Audit Committee reviewed significant data and information in the quarterly and annual financial statements of the Company for the year 2018, the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared in accordance with Thai Financial Reporting Standards (TFRS) which is in conformance with the International Financial Reporting Standards (IFRS). The Committee reviewed material issues and special items and obtained sufficient clarification from the external auditors, the Management, and the Director of the Internal Audit Office, confirming that the financial statements and the disclosure in notes to the financial statements were in compliance with the relevant laws and financial reporting standards. The Audit Committee therefore approved the Financial Statements, which were reviewed and audited by the external auditors without reservation. In addition, the Committee held a meeting with the external auditors without the Management so as to freely discuss important matters in the preparation of the financial statements and the disclosure of information in accordance with financial reporting standards and to be beneficial to users of these financial statements, including Key Audit Matters (KAM), as well as to hear whether there was any suspicious information indicating potential fraud following Section 89/25 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551. In 2018, the external auditors did not discover any material misstatements or indications of suspicious incidents. Furthermore, to ensure that no such incidents were discovered, the Audit Committee resolved that the President & CEO reports the results received from all President and Vice – President of business units and relevant responsible parties to the Audit Committee. In 2018, the President & CEO confirmed that no indication of such suspicious incidents was found. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability and transparency, and the external auditors performed their duties independently and with verifiability.

2. Review of Connected Transactions: Acquisition and Disposition Transactions and Transactions with might result in conflict of Interests. The Audit Committee reviewed the connected transactions and transactions which might result in conflict of interest, as well as information regarding the relevant directors. These transactions and information are reviewed and disclosed to the Stock Exchange of Thailand in timely manner.

3. Review of Corporate Governance: SCG continues to conduct its business in accordance with sustainable development and corporate governance principles, with reference to international standards including Organization for Economic Co-operation and Development (OECD), Thailand Securities and Exchange Commission (SEC), Stock Exchange of Thailand (SET), and Thai Institute of Directors Association (IOD). The Audit Committee reviewed the efficiency and effectiveness of good governance and found that the directors, the Management and employees have strictly complied with the policy by having the Board of Directors and the Management as the role model. Employees approximately 31,700 persons have passed Ethics e-testing with 100% pass score. The test was operated for the 4 consecutive years. Anti-corruption Policy has been seriously implement throughout SCG and has been applied to subsidiaries as appropriate for the business. This commitment has extended to our suppliers by providing Supplier Code of Conduct for using as a guideline, which aims to encourage our suppliers to behave as good citizens and conduct their businesses in such a way that they address societal and environmental concerns more than law and regulatory's requirements. There were approximately more than 5,900 suppliers who signed on Supplier Code of Conduct agreement. Board of Directors also approved the announcement of "Guideline on Appropriate Internal Control Measures to Prevent Bribery of State Officials, Foreign Public Officials and Agent of Public International Organization" according to Section 123/5 of the Organic Act on Counter Corruption B.E. 2542 (1999) of the National Counter Corruption Commission which was approved by Audit Committee and CEO communicated to every employee through Message from CEO. This reflects the top management perspective to counter the corruption (Tone at the top).

4. Review of Risk Management Assessment: The Audit Committee reviewed efficiency and effectiveness of the Company's risk management process by responsibility of SCG Risk Management Committee. SCG Risk Management Committee consists of the SCG President and CEO, served as the Committee Chairman, and the SCG top executives as the members, with the duty to consider the structure, policy, risk management framework, risk management plan, also review risk profile and monitor the Company's risk management on a monthly or quarterly basis. While the Corporate Risk Management Unit is responsible for compiling risk reports and managing risk in the form of risk dashboard. In 2018, SCG emphasizes on emerging risk such as digital transformation cybersecurity, changing customer behaviors in alignment with the circular economy concept, etc. The focus was on considering risks of significance and likelihood to arise in the future. SCG Risk Management Committee has prepared risk management measures by setting medium term plan, annual plan and taking investment project into consideration.

5. Review of Compliance: SCG developed Compliance Management System (CMS), which is in accordance with ISO19600 standard, for business units to apply and integrate into the operations as

appropriate. In 2018, SCG formulated guidelines and checklist for compliance with SCG important policies encompassing Anti-trust Policy, Insider Trading Policy and Disclosure Policy.

6. Review of Internal Control System The Audit Committee reviewed the results of internal control assessment, both in operational and information technology system, which were reported by the Internal Audit Office on a monthly and quarterly basis, and assessed in compliance with the adequacy internal control assessment of the Securities and Exchange Commission (SEC). The Committee concluded that SCG had adequate internal controls appropriate for the Company's business operations. This corresponded with the external auditor's opinion that there was no material deficiency, which impact the Company's financial statements. This is one of the missions prescribed in the Internal Audit Office Charter. This year, the Committee focused on creating employee awareness to promote moral principles, ethical behavior and code of conduct by building the SCG internal preventive system. The Preventive System comprises Ethics e-testing, e-Policy e-testing, risk management and control practices in accordance with "Three Lines of Defense" model, and a case study of corruption, non-conformance to laws, and the Company's regulations, policies, and code of conduct. In addition, Control Self Assessment (CSA) tool or setting Business Self Audit team helps to implement as deemed appropriate for each business both domestic and overseas, in accordance with the relevant laws, regulations and business readiness. To further mitigate risks for overseas companies, workshops were organized for executives/staff in each company to raise awareness on governance, risk, compliance and controls. In addition, the Internal Audit Office in collaboration with business units (First Line) has continuously developed the Continuous Monitoring & Continuous Auditing reports to support businesses for monitoring within operational responsibilities and support internal auditors in the audit process. Workshops were organized for business units by using the material findings to allow the person in charge at all levels to gain better understanding of the risks, impacts, and key internal controls involved in the operations.


7. Internal Audit The Audit Committee conducted an annual review of the Audit Committee Charter and the Internal Audit Office Charter to ensure their relevancy to SCG's current risk and business environment. In 2018, the Internal Audit Office emphasized on continuous implementing Three Lines of Defense model from the previous year such as, be the role model for employees by first – line top management, provide communication and suggestion on risk assessment, control identification and monitoring of performance for the current system, the upcoming system, new business or new information technology system of SCG. Developing of Country Internal Auditor teams in Vietnam and Indonesia to perform their duties in assessing the efficiency and effectiveness of governance, risk management, compliance, and internal controls of SCG and its overseas subsidiaries; under the overseeing of the Internal Audit Office in Thailand, as well as preparing / revising internal audit documents to cater to the changing work processes with integration of technology. Workshops were organized for IT-BU representatives to disseminate knowledge about the international standards, risk, internal control and IT audit results, as well as perform audit in IT emerging risk areas e.g. secure coding and penetration test.

8. Review of Fraud Investigations In addition to employee's Whistleblowing System, SCG developed Whistleblowing System to enable external parties to report dishonesty via www.scg.com further complaints through phone calls, send e-mails or letters to the directors, the Internal Audit Director, and the Secretary

to the Board. In 2018, 21 cases, via external party and employee Whistleblowing Systems, were found in terms of non-compliance with laws, the company's regulations, SCG Anti-corruption Policy, Corporate Governance policy, SCG Four Core Values, SCG Code of Conduct, or Supplier Code of Conduct; also, there were 11 cases pending from the pervious year. 28 cases were fully investigated. The investigation's results found that none were related to Corruption or Anti-corruption Policy, Of 3 cases were non-compliance with the Code of Conduct while 13 cases on non-compliance with the company's regulations but they did not contain material value and did not cause the company damage. Findings from the investigation were taken into consideration for determination of future procedure and preventive guidelines. The Audit Committee also reviewed fraud investigation results, fraud risk assessment and impact in order to determine fraud preventive guidelines in operational systems; together with review preventive measures and investigation policy to be updated and appropriated with continuous business operation.

9. Appointment of the External Auditor and Review of the Audit Fee for 2018. KPMG Phoomchai Audit Ltd. has been selected and appointed as the external audit firm of SCG from 2018 to 2022. Based on the satisfactory results of their performance appraisal and their qualification as independent auditors, the external auditors possess professional expertise, knowledge and experience in auditing SCG's businesses, and share knowledge related to business in addition to auditing. Therefore, the Audit Committee recommended the Board of directors to seek approval at the shareholders' meeting for the appointment of Mr. Wairoj Jindamaneepitak, Certified Public Accountant Registration No.3565; or Ms. Pornpip Rimdusit, Certified Public Accountant Registration No. 5565; or Ms. Thanyalux Keadkaew, Certified Public Accountant Registration No. 8179; all of KPMG phoomchai Audit Ltd. as the Company's auditors for the year 2019 and approval of the Company's audit fee for the fiscal year 2019 and the annual audit and quarterly review fee for SCC's consolidated financial statements amounting to 5.98 Million Baht and acknowledgement of the annual audit fee for the year 2019 of subsidiaries' financial statements and quarterly review fee for listed subsidiaries' financial statements which were audited by KPMG in Thailand and KPMG overseas. SCG subsidiaries were responsible for the audit fee totaling 53.01 Million Baht.

On behalf of the Audit Committee



Tarrin Nimmanahaeminda
Chairman of the Audit Committee



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เรื่อง ข้อเสนอแนะเกี่ยวกับการปรับปรุงแก้ไขจุดอ่อน
ของการควบคุมภายในด้านบัญชี

เรียน คณะกรรมการตรวจสอบ
บริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน)

ตามที่สำนักงานได้ตรวจสอบงบการเงินของบริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน) สำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2561 และได้เสนอรายงานการตรวจสอบลงวันที่ 13 กุมภาพันธ์ 2562 ไปแล้วนั้น สำนักงานขอเรียนว่า ในการตรวจสอบงบการเงินดังกล่าวตามมาตรฐานการสอบบัญชีที่รับรองทั่วไป เพื่อแสดงความเห็นว่างบการเงินนั้นแสดงฐานะการเงิน ผลการดำเนินงานและกระแสเงินสด โดยถูกต้องตามที่ควรและได้ทำขึ้นตามหลักการบัญชีที่รับรองทั่วไปซึ่งได้ถือปฏิบัติเช่นเดียวกับปีก่อน หรือไม่เพียงใดนั้น สำนักงานได้ศึกษาและประเมินประสิทธิภาพระบบการควบคุมภายในด้านบัญชีของบริษัทตามที่สำนักงานเห็นว่าจำเป็น เพื่อประโยชน์ในการกำหนดขอบเขต วิธีการทดสอบและระยะเวลาที่จะใช้ในการตรวจสอบดังที่กล่าวไว้ข้างต้น ซึ่งไม่ได้ออกแบบให้ชี้ให้เห็นถึงข้อบกพร่องของการควบคุมภายในทั้งหมดที่อาจมีอยู่ในระบบการควบคุมภายในได้ ทั้งนี้ สำนักงานขอเรียนว่าสำนักงานไม่พบข้อบกพร่องของระบบการควบคุมภายในด้านบัญชี ที่เป็นจุดอ่อนการควบคุมภายในด้านบัญชีที่สำคัญ และมีผลกระทบอย่างเป็นสาระสำคัญต่อการแสดงความเห็นต่องบการเงินสำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2561

ขอแสดงความนับถือ

บริษัท เคทีเอ็มจี ภูมิไชย สอบบัญชี จำกัด

(นายวินิจ ศิลามงคล)

กรรมการบริหาร



SCG

Part 2 Management and Corporate Governance / 11. Internal Control and Risk Management

The Siam Cement Public Company Limited

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12. Connected Transactions

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The SCG Code of Conduct has set forth a policy regarding such transactions as follows:

Connected Transactions between the Company and its Subsidiaries

SCG comprises a large number of companies whose businesses are bound to conduct transactions with one another in such ways as providing services, trading raw materials and products, or providing financial support, technical assistance, human resources, etc. In doing business or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, as well as the rules and operational authority of SCG in addition to any criteria or conditions prescribed by local communities.

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law and the government agencies' rules and regulations, and SCG policies. To carry out transactions with outside entities, in addition, the Company is required to have an approval strictly in line with the operational authority of SCG, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to SCG or outside parties.

The Company has designated the Stakeholder Engagement Policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in terms of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination.

Furthermore, the Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interests and in accordance with the rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meetings, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the directors or management concerned be allowed to participate in the process of considering approval.

Policy or Trend of Future Connected Transactions

Connected transactions in the future will continue to be based on traditional business practices and will follow the policy of the market determining prices in negotiated transactions, as in the past. No special benefit will accrue either to companies or relevant individuals from connected transactions.

Connected Transactions

The Company strictly follows the policy to comply with the Notification of Capital Market Supervisory Board regarding Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, as well as the laws, regulations, notifications or orders relating to the execution of related transactions.

Details of connected transactions between the Group and a company or a person which/who may have a potential conflict.

Type of transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount as at 31 December 2018 (Million Baht)					Amount as at 31 December 2017 (Million Baht)					Pricing policy
			SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	
1. Transactions with joint ventures and associates													
1.1 Cement-Building Materials Business													
Sales			-	3,334	-	30	-	-	3,461	-	48	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49											
	Noritake SCG Plaster Co., Ltd.	40											
	Green Siam Resources Corporation	40											
	The Siam Gypsum Industry Co., Ltd.	29											
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29											
Purchases			-	1,542	282	678	-	-	1,699	264	597	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49											
	Siam Global House Public Company Limited	30											
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29											
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29											
Service expenses and others			25	121	-	-	-	24	88	-	-	-	Market price applied with third party transactions
	Thai Prosperity Terminal Co., Ltd.	50											
	Sekisui-SCG Industry Co., Ltd.	49											
	Noritake SCG Plaster Co., Ltd.	40											
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29											
Loans from			-	166	-	-	-	-	177	-	-	-	Agreed interest rate
	Sekisui-SCG Industry Co., Ltd.	49											
	Mariwasa Holdings, Inc.	40											
	PT M Class Industry	28											
Guarantees			-	115	-	-	-	-	-	-	-	-	Contract rate
	Anhui Conch-SCG Refractory Co., Ltd.	30											
1.2 Chemicals Business													
Sales ★			-	15	16,580	152	-	-	2	19,012	141	-	Market price applied with third party transactions ★ Most transactions are from selling goods to subsidiaries as follows: SCG Chemicals Co., Ltd. SCG Plastics Co., Ltd. SCG Performance Chemicals Co., Ltd.
	Siam Synthetic Latex Co., Ltd.	50											
	Siam Polyethylene Co., Ltd.	50											
	Bangkok Synthetics Co., Ltd.	49											
	Siam Tohcello Co., Ltd.	45											
	PT Chandra Asri Petrochemical Tbk.	31											
	Mehr Petrochemical Company (P.J.S.C.) ★★	-											

** Divest in July 2018

Type of transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount as at 31 December 2018 (Million Baht)					Amount as at 31 December 2017 (Million Baht)					Pricing policy
			SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	
Purchases *			-	80	50,696	176	-	-	5	49,065	184	-	Market price applied with third party transactions
	SCG Plastics (China) Co., Limited	60											* Most transactions are from purchasing goods from subsidiaries as follows: SCG Performance Chemicals Co., Ltd. Rayong Olefins Co., Ltd. Map Ta Phut Olefins Co., Ltd.
	SCG Plastics (Shanghai) Co., Ltd.	60											
	Binh Minh Plastics Joint Stock Company **	54											
	Siam Styrene Monomer Co., Ltd.	50											
	Siam Synthetic Latex Co., Ltd.	50											
	Siam Polyethylene Co., Ltd.	50											
	MTP HPPO Manufacturing Co., Ltd.	50											
	Bangkok Synthetics Co., Ltd.	49											
	Thai MMA Co., Ltd.	47											
	Grand Siam Composites Co., Ltd.	46											
	Thai MFC Co., Ltd.	45											
	Siam Tohcello Co., Ltd.	45											
	PT Chandra Asri Petrochemical Tbk.	31											
	PT Styrimdo Mono Indonesia	31											
	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20											
	Thai PET Resin Co., Ltd. ***	-											
Service expenses and others			89	642	1,492	-	39	74	135	1,399	-	31	Market price applied with third party transactions
	Siam Styrene Monomer Co., Ltd.	50											
	Siam Synthetic Latex Co., Ltd.	50											
	Siam Polyethylene Co., Ltd.	50											
	Rayong Terminal Co., Ltd.	50											
	Bangkok Synthetics Co., Ltd.	49											
	Thai MMA Co., Ltd.	47											
	Grand Siam Composites Co., Ltd.	46											
	Thai MFC Co., Ltd.	45											
	PT Chandra Asri Petrochemical Tbk.	31											
	PT Chandra Asri Perkasa	31											
	Mehr Petrochemical Company (P.J.S.C.) ****	-											
	Siam Mitsui PTA Co., Ltd. ***	-											
	Thai PET Resin Co., Ltd. ***	-											
Loans from			-	-	41	-	-	-	-	41	-	-	Agreed interest rate
	GTC Technology International, LP	25											
Guarantees			-	-	20	-	-	127	-	40	-	-	Contract rate
	Siam Tohcello Co., Ltd.	45											
	Mehr Petrochemical Company (P.J.S.C.) ****	-											

** Change status from associate to subsidiary in March 2018

*** Divest in December 2018

**** Divest in July 2018

Type of transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount as at 31 December 2018 (Million Baht)					Amount as at 31 December 2017 (Million Baht)					Pricing policy
			SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	
1.3 Packaging Business													
Sales	Siam Toppan Packaging Co., Ltd.	49	-	-	-	360	-	-	-	-	392	-	Market price applied with third party transactions
	Siam Nippon Industrial Paper Co., Ltd.	31											
Purchases			-	-	-	979	-	-	-	-	949	-	Market price applied with third party transactions
	Siam Toppan Packaging Co., Ltd.	49											
	Siam Nippon Industrial Paper Co., Ltd.	31											
	Saha Green Forest Co., Ltd.	17											
Service expenses and others			11	4	-	11	-	11	8	-	1	-	Market price applied with third party transactions
	Siam Nippon Industrial Paper Co., Ltd.	31											
Guarantees			-	-	-	330	-	-	-	-	495	-	Contract rate
	Siam Nippon Industrial Paper Co., Ltd.	31											
1.4 Other													
Sales			-	1,486	-	-	-	-	1,255	-	-	-	Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40											
Purchases			-	87	8	26	-	-	70	6	18	-	Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40											
	Siam Kubota Metal Technology Co., Ltd.	40											
	Aisin Takaoka Foundry Bangpakong Co., Ltd.	30											
	The Nawaloha Industry Co., Ltd.	30											
	The Siam Nawaloha Foundry Co., Ltd.	25											
Service income			117	340	115	99	-	154	326	132	87	-	Market price applied with third party transactions
	IT One Co., Ltd.	20											
Service expenses and others			1,182	170	-	-	9	1,154	170	-	-	9	Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40											

Type of transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount as at 31 December 2018 (Million Baht)					Amount as at 31 December 2017 (Million Baht)					Pricing policy
			SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other	SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other	
2. Transactions with other companies which have SCG executives holding													
2.1 Cement-Building Materials Business													
Purchases	Asia Cement Public Company Limited Mr. Nithi Patarachoke / Director	10	-	-	-	63	-	-	-	-	25	-	Market price applied with third party transactions
2.2 Packaging Business													
Sales	Thai British Security Printing Public Company Limited *	-	-	1	-	-	-	-	2	-	-	-	Market price applied with third party transactions
Purchases	Thai British Security Printing Public Company Limited *	-	-	-	-	17	-	-	-	-	52	-	Market price applied with third party transactions
Service expenses and others	Thai British Security Printing Public Company Limited *	-	-	-	-	5	-	8	10	-	5	2	Market price applied with third party transactions
2.3 Other													
Sales	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Yuttana Jiamtragan / Director	10	-	2,649	-	-	-	-	2,623	-	-	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Yuttana Jiamtragan / Director	10	-	176	8	2	-	-	172	10	1	-	Market price applied with third party transactions
Service expenses and others	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Yuttana Jiamtragan / Director	10	372	70	5	-	2	368	79	12	-	4	Market price applied with third party transactions

* Divest in May 2018